

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 16, 2026**

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

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER (HEREIN DEFINED), INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "LEGAL MATTERS" FOR A DISCUSSION ON THE OPINION OF BOND COUNSEL.

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

**NEW ISSUE - Book-Entry-Only**

Underlying Rating: Moody's "Baa3"  
See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" herein.

**\$4,600,000**  
**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
*(A political subdivision of the State of Texas located within Montgomery County)*  
**UNLIMITED TAX ROAD BONDS, SERIES 2026**

**Dated Date: June 1, 2026**

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

**Interest Accrual Date: Date of Delivery**

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrars, initially Zions Bancorporation, National Association, Amegy Bank Division, (the "Paying Agent/Registrar," "Paying Agent" or "Registrar") in Houston, Texas. Interest on the Bonds will accrue from the initial date of delivery (expected on or about June 23, 2026) (the "Date of Delivery") and be payable on November 1, 2026 and on each May 1 and November 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof. The Bonds are subject to redemption prior to maturity as shown below.

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

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

<u>Due</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>	<u>Due</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>
2027	\$ 200,000				2040	\$ 175,000	(d)		
2028	175,000				2041	175,000	(d)		
2029	175,000				2042	175,000	(d)		
2030	175,000				2043	175,000	(d)		
2031	175,000				2044	175,000	(d)		
2032	175,000				2045	175,000	(d)		
2033	175,000 (d)				2046	175,000	(d)		
2034	175,000 (d)				2047	175,000	(d)		
2035	175,000 (d)				2048	175,000	(d)		
2036	175,000 (d)				2049	175,000	(d)		
2037	175,000 (d)				2050	175,000	(d)		
2038	175,000 (d)				2051	175,000	(d)		
2039	175,000 (d)				2052	200,000	(d)		

- (a) The Initial Purchaser (as defined herein) may elect to designate one or more maturities as term bonds. See accompanying "Official Notice of Sale" and "Official Bid Form."
- (b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.
- (c) CUSIP Numbers will be assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (d) Bonds maturing on and after May 1, 2033, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on May 1, 2032, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Montgomery County Municipal Utility District No. 144 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe or any entity other than the District. The Bonds are subject to certain investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel. Certain legal matters will be passed on for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Disclosure Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about June 23, 2026.

**Bids Due: Thursday, May 21, 2026, at 9:30 A.M., Houston Time in Houston, Texas**  
**Bid Award: Thursday, May 21, 2026, at 11:30 A.M., Houston Time in Houston, Texas**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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### USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities Exchange Act of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an Official Statement with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by 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 representation must not be relied upon as having been authorized by the District.

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

Any information and expressions of opinion herein contained are subject to change and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas, 77056, upon payment of duplication costs.

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

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

## OFFICIAL STATEMENT SUMMARY

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

### THE DISTRICT

<i>Description</i> .....	Montgomery County Municipal Utility District No. 144 (the “District”) is a political subdivision of the State of Texas, created by an act of the Texas Legislature (Senate Bill 1005 of the 84th Regular Session, effective June 16, 2015, as codified in Chapter 7953 of the Texas Special District Local Laws Code), as amended, and operates under Article XVI, Section 59 and Article III, Section 52 of the Constitution of the State of Texas, Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District currently consists of approximately 187 acres of land. See “THE DISTRICT.”
<i>Location</i> .....	The District is located in Montgomery County approximately 43 miles northwest of the central downtown business district of the City of Houston and approximately 5 miles southwest of the downtown business district of the City of Conroe (the “City”). The District lies entirely within the extraterritorial jurisdiction of the City and within the boundaries of Conroe Independent School District. The District is approximately 3 miles west of Interstate Highway 45 and approximately 2 miles north of FM 1488. See “THE DISTRICT—Description and Location” and “AERIAL PHOTOGRAPH.”
<i>The Developer</i> .....	The developer in the District is Rivers Edge Interests, Ltd., a Texas limited partnership (“Rivers Edge Interests” or the “Developer”), whose general partner is C.I.L. Holdings LLC and whose limited partner is Camcorp Interests LLC, formerly known as Camcorp Interests, Ltd. Legend Classic Homes LLC (formerly known as Legend Classic Homes, Ltd.) (a homebuilder in Rivers Edge, Sections One through Three) and Camillo Properties LLC (formerly known as Camillo Properties Ltd.) (a homebuilder in Rivers Edge, Sections One and Two) are both affiliated with the Developer and all of the above-mentioned entities have direct or indirect common ownership. No landowner, developer or any of their respective affiliates, is obligated to pay any principal of or interest on the Bonds. See “THE DISTRICT,” “THE DEVELOPER” and “INVESTMENT CONSIDERATIONS—Dependence on Major Taxpayers and the Developer.”
<i>Status of Development</i> .....	Development in the District currently consists of the subdivision of Rivers Edge, Sections One through Three, totaling 949 single-family residential lots on approximately 153 acres. As of March 13, 2026, there were 750 completed single-family homes (739 occupied), 54 homes under construction or in a builder’s name, and 145 developed lots available for home construction. A portion of the homes constructed in Rivers Edge, Sections One and Two (292 lots) have been constructed as rental properties. See “THE DISTRICT—Status of Development” and “INVESTMENT CONSIDERATIONS—Rental Homes.”  There are approximately 34 acres of land in the District that are not developable, including public rights-of-way, drainage, detention, open space and recreation and utility sites. See “THE DISTRICT—Land Use” and “—Status of Development.”
<i>Homebuilders</i> .....	Legend Classic Homes LLC (formerly known as Legend Classic Homes, Ltd.) is building homes in Rivers Edge, Sections One through Three, which have an average sales price of \$283,000. Camillo Properties LLC (formerly known as Camillo Properties Ltd.) has built homes to own and lease for rental properties in Rivers Edge, Sections One and Two. See “THE DISTRICT—Homebuilding” and “INVESTMENT CONSIDERATIONS—Rental Homes.”
<i>Payment Record</i> .....	The District has previously issued \$23,140,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, sewer and drainage facilities in three series, \$22,625,000 of which is outstanding as of May 2, 2026 (the “Outstanding Bonds”). The District will capitalize twelve (12) months of interest from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” The District has never defaulted on its debt obligations. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds.”

## THE FINANCING

<i>The Issuer</i> .....	Montgomery County Municipal Utility District No. 144, a political subdivision of the State of Texas, is located in Montgomery County, Texas. See “THE DISTRICT.”
<i>The Issue</i> .....	\$4,600,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”) are issued pursuant to an order (the “Bond Order”) of the District’s Board of Directors and are authorized pursuant to the election held within the District. See “THE BONDS—Authority for Issuance.” The Bonds will be issued as fully registered bonds maturing in the years and in the amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from the Date of Delivery and is payable on November 1, 2026, and on each May 1 and November 1 thereafter until the earlier of stated maturity or prior redemption. See “THE BONDS.”
<i>Redemption</i> .....	The Bonds maturing on and after May 1, 2033, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on May 1, 2032, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS—Redemption Provisions.”
<i>Book-Entry-Only System</i> .....	The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully- registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “THE BONDS—Book-Entry-Only System.”
<i>Source of Payment</i> .....	The Bonds and the Outstanding Bonds are payable from an annual ad valorem tax upon all taxable property within the District, which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, the City or any other political subdivision or agency. See “THE BONDS—Source of and Security for Payment” and “TAXING PROCEDURES.”
<i>Use of Proceeds</i> .....	Proceeds of the Bonds will be used to reimburse the Developer for the construction costs shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds will also be used to capitalize twelve (12) months of interest on the Bonds, to pay interest on funds advanced by the Developer on behalf of the District and to pay engineering fees and administrative costs and certain other costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance</i> .....	The Bonds are the first series of bonds issued out of \$31,440,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing road facilities at an election held within the District on May 2, 2020. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order, Article III, Section 52 of the Texas Constitution, and the general laws of the State of Texas, including but not by way of limitation, Chapters 49 and 54 of the Texas Water Code, as amended and Chapter 7953 of the Texas Special District Local Laws Code, as amended. See “THE BONDS—Authority for Issuance.”
<i>Qualified Tax-Exempt Obligations</i> .....	The Bonds will be designated as “qualified tax-exempt obligations” for financial institutions. See “LEGAL MATTERS—Qualified Tax-Exempt Obligations.”
<i>Municipal Bond Rating and Municipal Bond Insurance</i> .....	Application has been made to Moody’s Investors Service (“Moody’s”) for an underlying rating on the Bonds and a rating of “Baa3” has been assigned to the Bonds. Application has also been made to various municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser at the Initial Purchaser’s expense. The rating fee of Moody’s will be paid for by the District; however, payment of any other rating fee will be the responsibility of the Initial Purchaser. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance” and “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”
<i>Bond Counsel</i> .....	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See “MANAGEMENT” and “LEGAL MATTERS.”

<i>Disclosure Counsel</i> .....	McCall, Parkhurst & Horton L.L.P., Houston, Texas. See “MANAGEMENT.”
<i>Financial Advisor</i> .....	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT.”
<i>Paying Agent/Registrar</i> .....	Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”
<i>Investment Considerations</i> .....	The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned “INVESTMENT CONSIDERATIONS.”

## SELECTED FINANCIAL INFORMATION

2025 Certified Taxable Assessed Valuation .....	\$184,844,963 (a)
2026 Preliminary Taxable Assessed Valuation.....	\$205,423,044 (b)
Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$211,017,311 (c)
Gross Debt Outstanding (after issuance of the Bonds) .....	\$27,225,000 (d)
Estimated Overlapping Debt.....	<u>10,371,879</u> (e)
Gross Direct Debt and Estimated Overlapping Debt .....	\$37,596,879
Ratios of Gross Debt to:	
2026 Preliminary Taxable Assessed Valuation.....	13.25%
Estimated Taxable Assessed Valuation as of April 1, 2026.....	12.90%
Ratios of Gross Debt and Estimated Overlapping Debt to:	
2026 Preliminary Taxable Assessed Valuation.....	18.30%
Estimated Taxable Assessed Valuation as of April 1, 2026.....	17.82%
2025 Tax Rate:	
Debt Service.....	\$0.88
Maintenance and Operations.....	<u>0.62</u>
Total .....	\$1.50/\$100 A.V.
Average Annual Debt Service Requirement (2027-2052) .....	\$1,694,086 (f)
Maximum Annual Debt Service Requirement (2027).....	\$2,099,894 (f)
Tax Rates Required to Pay Average Annual Debt Service Requirement at a 95% Collection Rate:	
Based upon 2026 Preliminary Taxable Assessed Valuation .....	\$0.87/\$100 A.V.
Based upon Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$0.85/\$100 A.V.
Tax Rates required to pay Maximum Annual Debt Service Requirement at a 95% Collection Rate:	
Based upon 2026 Preliminary Taxable Assessed Valuation .....	\$1.08/\$100 A.V.
Based upon Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$1.05/\$100 A.V.
Status of Development as of March 13, 2026 (g):	
Completed Single-Family Homes (739 Occupied).....	750
Homes Under Construction or in a Builder's Name .....	54
Lots Available for Home Construction .....	145
Estimated Population .....	2,587 (h)

- (a) As certified by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District as a preliminary indication of the 2026 taxable value (as of January 1, 2026). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of taxable assessed value within the District on April 1, 2026. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by the District. See "TAXING PROCEDURES."
- (d) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (e) See "ESTIMATED OVERLAPPING DEBT."
- (f) See "DEBT SERVICE REQUIREMENTS."
- (g) See "THE DISTRICT—Status of Development."
- (h) Based upon 3.5 persons per occupied single-family residence.

## PRELIMINARY OFFICIAL STATEMENT

**\$4,600,000**

### **MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**

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

### **UNLIMITED TAX ROAD BONDS, SERIES 2026**

This Preliminary Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 144 (the “District”) of its \$4,600,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including but not limited to Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 7953 of the Texas Special District Local Laws Code, an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”), and an election held within the District on May 2, 2020.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, the Developer (defined herein) and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas, 77056, upon payment of duplication costs thereof.

## THE BONDS

### **General**

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board authorizing the issuance and sale of the Bonds. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated June 1, 2026, and accrue interest from the Date of Delivery, and are payable on each November 1 and May 1 commencing November 1, 2026, until the earlier of maturity or prior redemption. The Bonds mature on May 1 in the amounts and years and accrue interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof.

In the event the Book-Entry-Only System (defined below) is discontinued and physical bond certificates issued, interest on the Bonds will be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar (as defined on the cover page) to the registered owners (“Registered Owners”) as shown on the bond register (the “Register”) kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, 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**

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

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

DTC, the world's largest 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," together with a Direct Participant, the "Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the trustee on behalf thereof) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

### **Authority for Issuance**

At a bond election held within the District on May 2, 2020, voters of the District authorized the issuance of \$31,440,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities. The Bonds represent the first issuance of bonds from such authorization. See "—Issuance of Additional Debt" herein. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas including but not limited to, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7953 of the Texas Special District Local Laws Code, as amended.

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

### **Source of and Security for Payment**

The Bonds (together with the Outstanding Bonds and any additional unlimited tax or combination unlimited tax and revenue bonds as may hereafter be issued) are payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy annually a tax sufficient in amount to pay principal of and interest on the Bonds, full allowance being made for delinquencies and costs of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose. Collected taxes will be placed in the District's "Debt Service Fund" and used solely to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which may be issued. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe (the "City"), or any other political entity other than the District. See "—Issuance of Additional Debt."

### **Funds**

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

The Road Debt Service Fund is available for payment of principal and interest on bonds issued for road facilities, including the Bonds. It is not available to pay principal and interest on bonds issued for water, sewer and drainage facilities.

The District also maintains a Water, Sewer and Drainage Debt Service Fund that is available for payment of debt service on bonds issued for water, sewer and drainage facilities. It is not available to pay principal or interest on bonds issued for road facilities, including the Bonds.

Twelve (12) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds shall be deposited into the District's Road Capital Projects Fund, to be used for the purpose of reimbursing the Developer for certain construction costs and for paying Developer interest, engineering fees, administration costs and costs of issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

### **No Arbitrage**

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

### **Record Date**

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

## **Redemption Provisions**

The District reserves the right, at its option, to redeem the Bonds maturing on or after May 1, 2033, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000, on May 1, 2032, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

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

The Board has appointed Zions Bancorporation, National Association, Amegy Bank Division, having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See “—Book-Entry-Only System” herein.

## **Registration and Transfer**

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

## **Mutilated, Lost, Stolen or Destroyed Bonds**

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

## **Replacement of Paying Agent/Registrar**

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

## **Issuance of Additional Debt**

At an election held within the District on May 2, 2020, the District’s voters authorized the issuance of \$61,080,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, sewer and drainage facilities, \$31,440,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities, \$7,200,000 principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities, \$91,620,000 principal amount of unlimited tax refunding bonds for water, sewer and drainage facilities, \$47,160,000 unlimited tax refunding bonds for road facilities and \$10,800,000 principal amount of unlimited tax refunding bonds for parks and recreational facilities. After issuance of the Bonds, \$37,940,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, sewer and drainage facilities, \$26,840,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities, and all of the bonds authorized for acquiring or constructing parks and recreational facilities and for refunding bonds will remain authorized but unissued. The issuance of additional bonds (except for refunding bonds and road bonds) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds.

The District is authorized by statute to develop parks and recreational facilities, including issuing bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing city ordinances specifying the purposes for which the District may issue bonds; (b) preparation of a detailed park plan; (c) authorization of park bonds by the qualified voters in the District; (d) approval of the park projects and bonds by the Commission; and (e) approval of the bonds by the Attorney General of Texas. 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, 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 greater than three percent (3%) of the value of the taxable property in the District. At an election held within the District on May 2, 2020, voters of the District authorized a total of \$7,200,000 principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities, all of which remains authorized but unissued.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue such bonds, the District would be required to obtain authorization from the District's voters to issue such bonds and approval of the bonds by the Attorney General of Texas. The District has not considered calling such an election at this time.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount that may ultimately be issued by the District. The issuance of additional bonds and levy of taxes in connection therewith may dilute the investment security for the Bonds.

### **Annexation**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City ordinance consenting to the creation of the District. In addition, except as set forth below under "Strategic Partnership Agreement," the District may be annexed by the City without the District's consent. If the District is annexed, the City would assume the District's assets and obligations (including the Bonds) and may dissolve the District. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur. See "—Strategic Partnership Agreement" below.

### **Strategic Partnership Agreement**

The District has entered into a Strategic Partnership Agreement (the "SPA") with the City. The SPA provides that the District consents to full-purpose annexation by the City at any time on or after December 31 of the 16th year following the District's first ad valorem tax bond issuance or December 31, 2047, whichever is first, and the City agrees not to annex the District for full municipal purposes prior to such date. Upon full-purpose annexation, the City may abolish the District and assume its debts and obligations or continue the District as a limited district. Under the limited district option, the District may retain all obligation for any indebtedness of the District and continue to exist as a limited district for so long as may be necessary for the limited district to fully discharge all such indebtedness. The limited district would continue until dissolved by the City. The City may dissolve the limited district by ordinance any time after 90% build out.

### **Consolidation**

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds) with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

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

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

## **Legal Investment and Eligibility to Secure Public Funds in Texas**

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

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

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

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

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

### **Defeasance**

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct 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 Registered 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.

**USE AND DISTRIBUTION OF BOND PROCEEDS**

The construction costs below were compiled by LJA Engineering, Inc., the District's engineer (the "Engineer"). Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors, LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor. Surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used.

<b>CONSTRUCTION COSTS</b>	
Rivers Edge, Section One - Paving and Culvert.....	\$ 2,258,048
Rivers Edge, Section One - Clearing and Grubbing.....	277,433
Rivers Edge, Section One - Land Acquisition Costs.....	416,659
Engineering and Testing.....	351,140
<b>TOTAL CONSTRUCTION COSTS.....</b>	<b>\$ 3,303,281</b>
<b>NON-CONSTRUCTION COSTS</b>	
Bond Discount (Estimated at 3.00%).....	\$ 138,000
Capitalized Interest (Twelve (12) Months Estimated at 5.00%).....	230,000
Developer Interest (Estimated).....	634,223
<b>TOTAL NON-CONSTRUCTION COSTS.....</b>	<b>\$ 1,002,223</b>
<b>ISSUANCE COSTS AND FEES</b>	
Issuance Costs and Professional Fees.....	\$ 258,396
Bond Engineering Fees.....	31,500
State Regulatory Fees.....	4,600
<b>TOTAL ISSUANCE COSTS AND FEES.....</b>	<b>\$ 294,496</b>
<b>TOTAL BOND ISSUE.....</b>	<b>\$ 4,600,000</b>

## THE DISTRICT

### General

The District is a municipal utility district created by an act of the Texas Legislature (Senate Bill 1005 of the 84th Regular Session, effective June 16, 2015, as codified in Chapter 7953 of the Texas Special District Local Laws Code), and operates under Article XVI, Section 59 and Article III, Section 52 of the Constitution of the State of Texas, Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District is subject to the continuing supervisory jurisdiction of the TCEQ. The District is comprised of approximately 187 acres of land.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. Additionally, the District may, subject to certain limitations, develop and finance parks and recreational facilities.

The Commission exercises continuing supervisory jurisdiction over the District. To comply with its consent ordinance for creation from the City, within the extraterritorial jurisdiction of which the District is located, the District is required to observe certain requirements of the City consent ordinance which: limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, park and recreational facilities and roads and related improvements; limit the net effective interest rate on such bonds and other terms of such bonds; and permit connections only to legally subdivided lots that are part of a recorded subdivision plat or otherwise exempt from the subdivision requirements of the City and Montgomery County. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

### Description and Location

The District is located in Montgomery County approximately 43 miles northwest of the central downtown business district of the City of Houston and approximately 5 miles southwest of the downtown business district of the City. The District lies entirely within the extraterritorial jurisdiction of the City and within the boundaries of Conroe Independent School District. The District is approximately 3 miles west of Interstate Highway 45 and approximately 2 miles north of FM 1488. See "AERIAL PHOTOGRAPH."

### Land Use

	Approximate Acres	Lots
<i>Single-Family Residential</i>		
Rivers Edge		
Section 1.....	49	280 (a)
Section 2.....	48	308 (a)
Section 3.....	56	361
Subtotal.....	153	949
<i>Undevelopable (b) .....</i>	34	---
	187	949

(a) 139 lots in Section 1 and 153 lots in Section 2 have been constructed as rental properties. See "INVESTMENT CONSIDERATIONS—Rental Homes."

(b) Includes public rights-of-way, drainage, detention, open space and recreation and utility sites.

### Status of Development

Development in the District currently consists of the subdivision of Rivers Edge, Sections One through Three, totaling 949 single-family residential lots on approximately 153 acres. As of March 13, 2026, there were 750 completed single-family homes (739 occupied), 54 homes under construction or in a builder's name, and 145 developed lots available for home construction. A portion of the homes constructed in Rivers Edge, Sections One and Two (292 lots) have been constructed as rental properties. See "INVESTMENT CONSIDERATIONS—Rental Homes." The estimated population in the District is 2,587, which is based upon 3.5 persons per occupied single-family residence.

### Homebuilding

Legend Classic Homes LLC (formerly known as Legend Classic Homes, Ltd.) is building homes in Rivers Edge, Sections One through Three, which have an average sales price of \$283,000. Camillo Properties LLC (formerly known as Camillo Properties Ltd.) has built homes to own and lease for rental properties in Rivers Edge, Sections One and Two (292 lots). See "INVESTMENT CONSIDERATIONS—Rental Homes."

### Undeveloped Acreage

There are approximately 34 acres of land in the District that are not developable, including public rights-of-way, drainage, detention, open space and recreation and utility sites.

## THE DEVELOPER

### **Role of a Developer**

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

Neither the Developer, nor any of its affiliates, are obligated to pay principal of or interest on the Bonds. Furthermore, the Developer does not have a binding commitment to the District to carry out any plan of development and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective Bond 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 boundaries of the District. See "INVESTMENT CONSIDERATIONS."

Prospective Bond purchasers should note that any prior real estate experience discussed below of the Developer should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. See "INVESTMENT CONSIDERATIONS."

### **Rivers Edge Interests**

The developer of Rivers Edge, Sections One through Three (949 single-family residential lots on approximately 153 acres) is Rivers Edge Interests, Ltd. ("Rivers Edge Interests" or the "Developer"). Rivers Edge Interests has not and is not engaged in any business other than the ownership, development, management and sale of land within the District, and all or substantially all of Rivers Edge Interests' assets are, or are derived from or in connection with, land within the District. Rivers Edge Interests does not own any remaining developable land in the District.

### **Camcorp Interests LLC, Camillo Properties LLC and Related Entities and Subsidiaries**

C.I.L. Holdings LLC, a Texas limited liability company, is the general partner and Camcorp Interests LLC (formerly known as Camcorp Interests, Ltd.), a Texas limited liability company, is the limited partner of Rivers Edge Interests. Legend Classic Homes LLC (formerly known as Legend Classic Homes, Ltd.) ("Legend Homes") is building homes in the District, and is a wholly owned subsidiary of Camcorp Interests LLC. Camillo Properties LLC (formerly known as Camillo Properties Ltd.) ("Camillo Properties") has also built homes in the District, and is a related company to Camcorp Interests LLC. All current development activities within the District are indirectly funded by Camcorp Interests LLC. All of the above-mentioned entities have direct or indirect common ownership. See "TAX DATA—Principal Taxpayers."

## MANAGEMENT

### **Board of Directors**

The District is governed by the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections are held in May in even numbered years only. Each of the board members owns land within the District subject to a note and deed of trust in favor of the Developer. Directors have staggered four-year terms. The current members and officers of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Daniel Espinosa	President	May 2030
Byron Hutcheson	Vice President	May 2028
Stephanie Maytubby	Secretary	May 2028
Christopher Dolan	Assistant Secretary	May 2030
Dan Summers	Assistant Secretary	May 2030

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

#### **Tax Assessor/Collector**

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

#### **Bookkeeper**

The District has engaged L&S District Services, LLC to serve as the District's bookkeeper (the "Bookkeeper").

#### **Engineer**

The consulting engineer for the District in connection with the design and construction of the District's System is LJA Engineering, Inc. (the "Engineer").

#### **Utility System Operator**

The District contracts with Si Environmental, LLC for maintenance and operation of the District's system (the "Operator").

#### **Attorney**

The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

#### **Financial Advisor**

Masterson Advisors LLC serves as financial advisor to the District. The fees to be paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

#### **Disclosure Counsel**

The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas as disclosure counsel. The fees paid to disclosure counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

#### **Auditor**

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the Commission. The District's financial statements for the fiscal year ending August 31, 2025, have been audited by the independent accounting firm of McCall Gibson Swedlund Barfoot Ellis PLLC. See "APPENDIX A" for a copy of the District's audited financial statements.

## **THE SYSTEM**

#### **Regulation**

According to the Engineer, the District's System has been designed in accordance with accepted engineering practices and the then current requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Montgomery County and, in some instances, the Commission. Montgomery County, the City, and the Texas Department of Health also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. The following descriptions are based upon information supplied by the District's Engineer.

#### **Water Distribution and Sanitary Sewer Collection and Drainage System**

The System includes water, sewer and drainage facilities constructed to serve 949 single-family residential lots in the District. See "THE DISTRICT—Land Use."

## **Water Supply**

The District owns and operates Water Plant No. 1 (the “Water Plant”). The Water Plant includes two 600 gallon per minute (“gpm”) water wells, two 10,000 gallon pressure tank, two 165,000 gallon ground storage tank and booster pump capacity of 2,650 gpm. According to the Engineer, the District’s current Water Plant facilities are sufficient to serve 1,000 equivalent single-family connections (“ESFCs”). As of March 13, 2026, the District was serving 804 ESFCs, including 750 completed homes and 54 homes under construction or in a builder’s name.

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

The Conservation District requires persons and entities, including the District, that pump groundwater from wells to apply for and obtain permits for the withdrawal of groundwater under terms and conditions provided in the Conservation District’s rules. The Conservation District has adopted its District Regulatory Plan which calls for the reduction of groundwater withdrawal throughout Montgomery County to volumes that do not exceed the recharge capabilities of aquifers in the County to prevent the long-term depletion of the aquifers.

## **Wastewater Treatment Facilities**

Currently, the District’s wastewater treatment is provided by the District’s 300,000 gallons per day (“gpd”) wastewater treatment plant owned and operated by the District. According to the Engineer, the wastewater treatment plant has sufficient capacity to serve 1,000 ESFCs, based upon 300 gpd per ESFC. As of March 13, 2026, the District was serving 804 ESFCs, including 750 completed homes and 54 homes under construction or in a builder’s name.

## **Storm-Water Drainage Facilities**

Approximately one-third of the District drains northeast into Lake Creek and the remaining area drains into an unnamed tributary of the West Fork of San Jacinto River. The land in the north portion of the District drains naturally towards the Lake Creek Tributary, while the land in the south portion naturally drains towards the unnamed tributary of the West Fork of San Jacinto River. Lake Creek and the unnamed tributary of the West Fork of San Jacinto each outfall into the West Fork of San Jacinto River. The drainage system improvements to serve the District’s development consist of curb and gutter road drainage connected to underground storm sewers. The storm sewers discharge directly into natural channels that tie into Lake Creek or directly into the unnamed tributary of the West Fork of San Jacinto River, both of which ultimately outfall into the West Fork of San Jacinto River.

## **100-Year Flood Plain**

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (“FEMA”) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded and a number of neighborhoods in the Greater Houston Area that are above the 100-year flood plain have flooded multiple times in the past several years. The District’s drainage system has been designed and constructed to all current standards. According to the Engineer, none of the developable acreage within the District is located within the 100-year flood plain. See “INVESTMENT CONSIDERATIONS—Extreme Weather Events.”

## **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 upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties 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.

## **THE ROAD SYSTEM**

Proceeds of the Bonds are being expended to finance the public road system (the “Roads”) which serve the property owners of the District by providing roads within the District and the surrounding area. The Roads to be financed from the proceeds of the Bonds are comprised of those roads described as shown under “USE AND DISTRIBUTION OF BOND PROCEEDS.”

**FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)**

2025 Certified Taxable Assessed Valuation .....	\$184,844,963 (a)
2026 Preliminary Taxable Assessed Valuation.....	\$205,423,044 (b)
Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$211,017,311 (c)
Gross Debt Outstanding (after the issuance of the Bonds) .....	\$27,225,000 (d)
Estimated Overlapping Debt.....	<u>10,371,879</u> (e)
Gross Direct Debt and Estimated Overlapping Debt .....	\$37,596,879
Ratios of Gross Debt to:	
2026 Preliminary Taxable Assessed Valuation.....	13.25%
Estimated Taxable Assessed Valuation as of April 1, 2026.....	12.90%
Ratios of Gross Debt and Estimated Overlapping Debt to:	
2026 Preliminary Taxable Assessed Valuation.....	18.30%
Estimated Taxable Assessed Valuation as of April 1, 2026.....	17.82%

Area of District — 187 acres  
Estimated 2026 Population — 2,587 (f)

- (a) As certified by the Appraisal District. See “TAXING PROCEDURES.”
- (b) Provided by the Appraisal District as a preliminary indication of the 2026 taxable value (as of January 1, 2026). Such amount is subject to review and downward adjustment prior to certification. No tax will be levied on such amount until it is certified. See “TAXING PROCEDURES.”
- (c) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of taxable assessed valuation within the District on April 1, 2026. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by the District. See “TAXING PROCEDURES.”
- (d) Includes the Bonds and the Outstanding Bonds. See “—Outstanding Bonds” below.
- (e) See “ESTIMATED OVERLAPPING DEBT.”
- (f) Based upon 3.5 persons per occupied single-family residence.

**Cash and Investment Balances** (unaudited as of April 16, 2026)

General Fund	Cash and Temporary Investments	\$1,706,747
Debt Service Fund	Cash and Temporary Investments	\$2,554,258 (a)(b)
Capital Projects Fund	Cash and Temporary Investments	\$ 25,147

- (a) Although all of the District’s debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a portion of the District’s ad valorem tax revenue will be allocated to Road Bonds, including the Bonds, and a portion will be allocated to Water, Sewer and Drainage Bonds. The Road Debt Service Fund is not pledged to Water, Sewer and Drainage Bonds and the Water, Sewer and Drainage Debt Service Fund is not pledged to Road Bonds, including the Bonds. See “THE BONDS—Funds.” Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Debt Service Fund.
- (b) The District will capitalize twelve (12) months of interest from Bond proceeds, which will be deposited into the Road Debt Service Fund upon receipt. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

**Outstanding Bonds**

The District has previously issued three series of unlimited tax bonds for the purpose of purchasing and constructing water, sewer and drainage facilities. The following table lists the original principal amount of such bonds by series and the principal amount of such bonds outstanding as of May 2, 2026 (the “Outstanding Bonds”).

Series	Original Principal Amount	Outstanding Bonds (as of May 2, 2026)
Unlimited Tax Bonds, Series 2023	\$ 10,140,000	\$ 9,900,000
Unlimited Tax Bonds, Series 2024	8,000,000	7,725,000
Unlimited Tax Bonds, Series 2025	5,000,000	5,000,000
Total	\$ 23,140,000	\$ 22,625,000

**District Investment Policy**

The policy of the District is to invest District funds only in instruments which further the following investment objectives of the District stated in order of importance: (1) preservation and safety of principal; (2) liquidity; and (3) yield. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

## ESTIMATED OVERLAPPING DEBT STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Montgomery County.....	\$ 479,290,000	3/31/2026	0.17%	\$ 814,793
Conroe ISD.....	2,844,260,000	3/31/2026	0.33%	9,386,058
Lone Star College System.....	342,055,000	3/31/2026	0.05%	171,028
Total Estimated Overlapping Debt.....				\$ 10,371,879
Direct Debt.....	27,225,000 (a)	Current	100.00%	27,225,000
Total Direct and Estimated Overlapping Debt.....				\$ 37,596,879
Ratio of Direct and Estimated Overlapping Debt to 2026 Preliminary Taxable Assessed Valuation.....				18.30%
Ratio of Direct and Estimated Overlapping Debt to Estimated Taxable Assessed Valuation as of April 1, 2026.....				17.82%

(a) Includes the Bonds and the Outstanding Bonds.

### Overlapping Tax Rates for 2025

	2025 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Montgomery County.....	\$ 0.3770
Montgomery County Hospital District.....	0.0473
Montgomery County ESD No. 4.....	0.0977
Conroe ISD.....	0.9496
Lone Star College System.....	0.1060
Total Overlapping Tax Rate.....	\$ 1.5776
The District (a).....	\$ 1.5000
Total Tax Rate.....	\$ 3.0776

(a) See “TAX DATA—Tax Rate Distribution.”

## WATER AND SEWER OPERATIONS

### General

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

The following statement sets forth in condensed form the District's General Fund operating statement as derived from the District's audited financial statements for the fiscal years ending August 31, 2022 through 2025 and an unaudited summary for the seven-month period ended March 31, 2026, provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and more complete information.

	9/1/2025 to 3/31/2026 (a)	Fiscal Year Ended August 31			
		2025	2024	2023	2022
<b>Revenues</b>					
Property Taxes	\$ 1,028,866	\$ 874,755	\$ 611,619	\$ 177,472	\$ 21,007
Water Service	187,746	351,973	251,824	183,300	86,458
Wastewater Service	157,339	295,517	208,749	115,599	46,781
Penalty and Interest	10,132	18,566	17,602	16,187	9,542
Tap Connection and Inspection Fees	12,549	215,854	384,819	128,070	300,074
Investment and Misc. Revenues	29,232	24,471	14,934	2,812	1,217
<b>Total Revenues</b>	<b>\$ 1,425,865</b>	<b>\$ 1,781,136</b>	<b>\$ 1,489,547</b>	<b>\$ 623,440</b>	<b>\$ 465,079</b>
<b>Expenditures</b>					
Professional Fees	\$ 59,996	\$ 132,474	\$ 128,516	\$ 105,952	\$ 19,704
Contracted Services	271,998	334,759	222,932	104,554	29,936
Utilities	48,577	87,866	82,474	69,177	24,315
Repairs & Maintenance	123,764	414,329	384,312	255,013	92,162
Other	53,126	278,023	319,866	201,835	194,571
Capital Outlay	-	395,691	29,004	-	-
<b>Total Expenditures</b>	<b>\$ 557,460</b>	<b>\$ 1,643,142</b>	<b>\$ 1,167,104</b>	<b>\$ 736,531</b>	<b>\$ 360,688</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 868,404</b>	<b>\$ 137,994</b>	<b>\$ 322,443</b>	<b>\$ (113,091)</b>	<b>\$ 104,391</b>
<b>Other Sources (Uses)</b>					
Developer Advances	\$ -	\$ -	\$ -	\$ 86,792	\$ 20,000
Transfers In (Out)	171,456 (b)	-	57,077 (b)	-	-
<b>Total Other Financing Sources</b>	<b>\$ 171,456</b>	<b>\$ -</b>	<b>\$ 57,077</b>	<b>\$ 86,792</b>	<b>\$ 20,000</b>
<b>Fund Balance (Beginning of Year)</b>	<b>\$ 620,683</b>	<b>\$ 482,689</b>	<b>\$ 103,169</b>	<b>\$ 129,468</b>	<b>\$ 5,077</b>
<b>Fund Balance (End of Year)</b>	<b>\$ 1,660,543</b>	<b>\$ 620,683</b>	<b>\$ 482,689</b>	<b>\$ 103,169</b>	<b>\$ 129,468</b>

(a) Unaudited. Provided by the Bookkeeper.

(b) Represents a transfer from the District's Capital Projects Fund to reimburse the General Fund for expenses related to prior year bond issuance costs.

## DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service on the Outstanding Bonds and the estimated debt service requirements for the Bonds at an assumed interest rate of 5.00% per annum. This schedule does not reflect the fact that twelve (12) months of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	\$ 530,191 (a)	\$ -	\$ 81,778	\$ 81,778	\$ 611,968
2027	1,674,894	200,000	225,000	425,000	2,099,894
2028	1,648,444	175,000	215,625	390,625	2,039,069
2029	1,625,869	175,000	206,875	381,875	2,007,744
2030	1,601,994	175,000	198,125	373,125	1,975,119
2031	1,580,694	175,000	189,375	364,375	1,945,069
2032	1,565,594	175,000	180,625	355,625	1,921,219
2033	1,557,881	175,000	171,875	346,875	1,904,756
2034	1,549,006	175,000	163,125	338,125	1,887,131
2035	1,544,631	175,000	154,375	329,375	1,874,006
2036	1,529,894	175,000	145,625	320,625	1,850,519
2037	1,524,069	175,000	136,875	311,875	1,835,944
2038	1,521,606	175,000	128,125	303,125	1,824,731
2039	1,512,375	175,000	119,375	294,375	1,806,750
2040	1,501,569	175,000	110,625	285,625	1,787,194
2041	1,493,734	175,000	101,875	276,875	1,770,609
2042	1,483,856	175,000	93,125	268,125	1,751,981
2043	1,482,128	175,000	84,375	259,375	1,741,503
2044	1,468,400	175,000	75,625	250,625	1,719,025
2045	1,467,156	175,000	66,875	241,875	1,709,031
2046	1,477,906	175,000	58,125	233,125	1,711,031
2047	1,471,019	175,000	49,375	224,375	1,695,394
2048	1,461,756	175,000	40,625	215,625	1,677,381
2049	1,197,975	175,000	31,875	206,875	1,404,850
2050	1,165,497	175,000	23,125	198,125	1,363,622
2051	348,288	175,000	14,375	189,375	537,663
2052	-	200,000	5,000	205,000	205,000
<b>Total</b>	<b>\$ 36,986,425</b>	<b>\$ 4,600,000</b>	<b>\$ 3,071,778</b>	<b>\$ 7,671,778</b>	<b>\$ 44,658,203</b>

(a) Excludes the May 1, 2026 debt service payment of \$1,087,296.

Average Annual Debt Service Requirements (2027-2052).....\$1,694,086  
 Maximum Annual Debt Service Requirement (2027).....\$2,099,894

## TAX DATA

### Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds and the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2025 tax year, the District levied a tax for debt service in the amount of \$0.88 per \$100 assessed valuation. See “—Tax Rate Distribution” below, “—Summary of Assessed Valuation” herein, and “TAXING PROCEDURES.”

### Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District’s improvements, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted on May 2, 2020 and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 appraised valuation for maintenance and operation of water, sewer, drainage facilities and \$0.10 for maintenance and operation of park/recreational facilities. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. For the 2025 tax year, the District levied a tax for maintenance and operations in the amount of \$0.62 per \$100 assessed valuation. See “—Debt Service Tax” above.

### Exemptions

For tax year 2026, the District has not granted any exemptions from taxation.

### Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).  
 Maintenance and Operations: \$1.50 per \$100 taxable assessed valuation.  
 Maintenance of Park and Recreational Facilities: \$0.10 per \$100 taxable assessed valuation.

### Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	\$ 0.88	\$ 0.80	\$ 0.80	\$ -	\$ -
Maintenance and Operations	0.62	0.70	0.70	1.50	1.50
Total	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50

### Additional Penalties

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

### Tax Collections

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

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of March 31, 2026 (a)	
				Amount	Percent
2021	\$ 1,400,480	\$ 1.50	\$ 21,007	\$ 21,007	100.00%
2022	11,943,487	1.50	179,152	179,152	100.00%
2023	88,669,253	1.50	1,330,039	1,326,973	99.77%
2024	124,496,915	1.50	1,867,454	1,854,579	99.31%
2025	184,844,963	1.50	2,772,674	2,568,412	92.63%

(a) Unaudited.

**Principal Taxpayers**

The following list of principal taxpayers was provided by the District's tax assessor/collector based upon the 2025 Certified Taxable Assessed Valuation of \$184,844,963, which reflects ownership as of January 1, 2025. Accurate principal taxpayer lists related to the 2026 Preliminary Taxable Assessed Valuation of \$205,423,044, which is subject to review and downward adjustment prior to certification, and the Estimated Taxable Assessed Valuation as of April 1, 2026 of \$211,017,311 are not available as of the date hereof.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2025 Certified Taxable Assessed Valuation</u>	<u>% of 2025 Certified Taxable Assessed Valuation</u>
Camillo Properties LTD (a)(b)	Land & Improvements	\$ 66,056,454	35.74%
Legend Classic Homes LTD (b)	Land, Improvements & Personal Property	7,888,968	4.27%
Rivers Edge Interests Ltd. (b)	Land & Improvements	6,967,808	3.77%
Individual	Land & Improvements	623,839	0.34%
Akbal Unique Holdings LP	Land & Improvements	569,541	0.31%
Individual	Land & Improvements	548,225	0.30%
Individual	Land & Improvements	543,168	0.29%
Individual	Land & Improvements	523,907	0.28%
Interim Holdings LLC	Land & Improvements	450,007	0.24%
Individual	Land & Improvements	417,844	0.23%
<b>Total</b>		<b>\$ 84,589,761</b>	<b>45.76%</b>

- (a) Camillo Properties has built homes to own and lease for rental properties in Rivers Edge, Sections One and Two (292 lots). See "INVESTMENT CONSIDERATIONS—Rental Homes."
- (b) Related entities. See "THE DEVELOPER."

**Summary of Assessed Valuation**

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2021 through 2025 Certified Taxable Assessed Valuations. Accurate breakdowns related to the 2026 Preliminary Taxable Assessed Valuation of \$205,423,044, which is subject to review and downward adjustment prior to certification, and the Estimated Taxable Assessed Valuation as of April 1, 2026 of \$211,017,311 are not available as of the date hereof. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 43,302,531	\$ 39,912,531	\$ 35,125,860	\$ 11,934,810	\$ 1,400,480
Improvements	143,680,780	85,684,755	53,716,501	1,170	-
Personal Property	916,317	194,889	30,072	10,310	-
Exemptions	<u>(3,054,665)</u>	<u>(1,295,260)</u>	<u>(203,180)</u>	<u>(2,803)</u>	-
<b>Total</b>	<b><u>\$184,844,963</u></b>	<b><u>\$124,496,915</u></b>	<b><u>\$ 88,669,253</u></b>	<b><u>\$ 11,943,487</u></b>	<b><u>\$ 1,400,480</u></b>

## **Tax Adequacy for Debt Service**

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 appraised valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2026 Preliminary Taxable Assessed Valuation of \$205,423,044, which is subject to review and downward adjustment prior to certification, or the Estimated Taxable Assessed Valuation as of April 1, 2026 of \$211,017,311. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "DEBT SERVICE REQUIREMENTS" and "INVESTMENT CONSIDERATIONS—Impact on District Tax Rates."

Average Annual Debt Service Requirement (2027-2052) .....	\$1,694,086
\$0.87 Tax Rate on 2026 Preliminary Taxable Assessed Valuation .....	\$1,697,821
\$0.85 Tax Rate on Estimated Taxable Assessed Valuation as of April 1, 2026 .....	\$1,703,965
Maximum Annual Debt Service Requirement (2027) .....	\$2,099,894
\$1.08 Tax Rate on 2026 Preliminary Taxable Assessed Valuation .....	\$2,107,640
\$1.05 Tax Rate on Estimated Taxable Assessed Valuation as of April 1, 2026 .....	\$2,104,898

No representation or suggestion is made that the 2026 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, or the Estimated Taxable Assessed Valuation as of April 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

## **TAXING PROCEDURES**

### **Authority to Levy Taxes**

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

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

The Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Montgomery Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Montgomery County, including the District. Such appraisal values are subject to review and change by the Montgomery County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Montgomery County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

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

Except for certain exemptions provided by Texas law, all real property, 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; 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 sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. Qualifying surviving spouses of persons 65 years of age and older would be entitled to receive an exemption equal to the exemption received by the deceased spouse. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 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, of between \$5,000 and \$12,000 depending on the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence was donated by a charitable organization. The exemption will apply 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 or fatally injured in the line or duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

*Residential Homestead Exemptions:* The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads 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 by May 1. The District currently does not grant a homestead exemption. See "TAX DATA."

*Freeport Goods and Goods-in-Transit Exemptions:* A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption, for 2011 and prior tax years, was applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. For 2012 and subsequent tax years, the exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken no official action to allow taxation of all such goods-in-transit personal property but may choose to exempt same in the future by further official action.

### **Tax Abatement**

Montgomery County or the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, Montgomery County, the City and the District, under certain circumstances, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the appraised valuation of property covered by the agreement over its appraised valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, neither the County nor the City has designated land 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 formally 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 upon 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. 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, for open space land, and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the Appraisal District at least once every three 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 current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

### **District and Taxpayer Remedies**

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

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

### **Levy and Collection of Taxes**

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or

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

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

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

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

*Developed Districts:* Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback 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 are 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 a rollback election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

*The District:* A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made on an annual basis, at the time a district sets its tax rate. For tax year 2025, the District was designated as a “Developing District.” The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

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

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see “ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2025”). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure

sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collections and Foreclosure Remedies."

## **INVESTMENT CONSIDERATIONS**

### **General**

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

### **Dependence on Major Taxpayers and the Developer**

The principal taxpayers represent \$84,589,761, or approximately 45.76% of the 2025 Certified Taxable Assessed Valuation of \$184,844,963, which represents ownership as of January 1, 2025. The Developer and its affiliates represent \$80,913,230, or approximately 43.77% of the 2025 Certified Taxable Assessed Valuation. See "TAX DATA—Principal Taxpayers." Accurate principal taxpayer lists related to the 2026 Preliminary Taxable Assessed Valuation of \$205,423,044, which is subject to review and downward adjustment prior to certification, and the Estimated Taxable Assessed Valuation as of April 1, 2026 of \$211,017,311 are not available as of the date hereof. If a principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the District's Debt Service Funds, the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its Debt Service Funds. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. See "—Tax Collection Limitations and Foreclosure Remedies" herein and "TAX PROCEDURES—Levy and Collection of Taxes."

The Developer and its affiliates have informed the Board that its current plans are to continue its homebuilding program. However, neither the Developer and its affiliates nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The District makes no representation about the probability of development or homebuilding continuing in a timely manner or about the ability of the Developer or any other landowner within the District to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer, its affiliates, or any other landowner. See "THE DEVELOPER."

### **Rental Homes**

A portion of the homes constructed in Rivers Edge, Sections One and Two (292 lots) have been constructed by Camillo Properties as rental properties. It is anticipated that Camillo Properties will continue to be a principal taxpayer as long as Camillo Properties continues to own and lease such rental homes. This is expected to result in a longer-term concentration of assessed valuation in a single property owner than would ordinarily be experienced in a development where lots and homes are developed and transferred to homebuilders or individual homeowners. On the 2025 certified tax roll, Camillo Properties represents \$66,056,454 or 35.74% of the 2025 Certified Taxable Assessed Valuation of \$184,844,963. See "TAX DATA—Principal Taxpayers."

Camillo Properties, as the owner of such rental homes, is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front yards. The ability of Camillo Properties or another ultimate owner of the rental homes to lease the rental properties may affect their ability to maintain the properties and the taxable assessed valuation of the properties. Additionally, the failure of Camillo Properties or another ultimate owner of the rental homes to make full and timely payments of taxes levied against the rental home property by the District and similar taxing authorities could have a material adverse effect on the District's ability to pay debt service on the Bonds.

### **Landowner Obligation to the District**

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

## **Vacant Lots**

As of March 13, 2026, there were 145 vacant developed lots available for home construction in the District. The District makes no representation that the homebuilding program planned by the Developer and its affiliates will be successful. Future increases in value will result primarily from the construction of homes by the Developer, its affiliates or homebuilders. Failure of the Developer, its affiliates and/or homebuilders to construct taxable improvements on developed lots could restrict the rate of growth of taxable values in the District. See “THE DISTRICT—Land Use” and “—Status of Development.”

## **Impact on District Tax Rates**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The District’s 2026 Preliminary Taxable Assessed Valuation is \$205,423,044, which is subject to review and downward adjustment prior to certification. After issuance of the Bonds, the maximum annual debt service requirement will be \$2,099,894 (2027) and the average annual debt service requirement will be \$1,694,086 (2027-2052 inclusive). Assuming no increase or decrease from the 2026 Preliminary Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$1.08 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$2,099,894 and a tax rate of \$0.87 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$1,694,086. The Estimated Taxable Assessed Valuation as of April 1, 2026 is \$211,017,311. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of April 1, 2026, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$1.05 and \$0.85 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. See “DEBT SERVICE REQUIREMENTS.”

No representation or suggestion is made that the 2026 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, or the Estimated Taxable Assessed Valuation as of April 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See “TAX DATA—Tax Adequacy for Debt Service” and “TAXING PROCEDURES.”

## **Economic Factors and Interest Rates**

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

## **Competition**

The demand for and construction of single-family homes and rental homes in the District, which is approximately 43 miles from the central downtown business district of the City of Houston, could be affected by competition from other residential developments including other residential developments located in the northern portion of the Houston metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

## **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.

## **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 or homebuilding activity within the District. The District cannot predict the impact that negative conditions in the oil and gas industry could have on property values in the District.

## **Extreme Weather Events**

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017 and brought historic levels of rainfall during the successive four days.

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

## **Specific Flood Type Risks**

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 man-made drainage systems (canals or channels) downstream.

## **Future Debt**

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. The District’s voters authorized the issuance of \$61,080,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, sewer and drainage facilities, \$31,440,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities, \$7,200,000 principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities, \$91,620,000 principal amount of unlimited tax refunding bonds for water, sewer and drainage facilities, \$47,160,000 unlimited tax refunding bonds for road facilities and \$10,800,000 principal amount of unlimited tax refunding bonds for parks and recreational facilities. After issuance of the Bonds, \$37,940,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, sewer and drainage facilities, \$26,840,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities, and all of the bonds authorized for acquiring or constructing parks and recreational facilities and for refunding bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional bonds or obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

After reimbursement with the proceeds of the Bonds, the District will owe the Developer approximately \$14,765,000 (as of April 2026). The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds (except for refunding bonds and road bonds) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increase in taxable value in the District. See “THE BONDS—Issuance of Additional Debt.” Issuance of additional bonds could dilute the investment security for the Bonds.

## **Tax Collection Limitations**

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

## **Registered Owners' Remedies and Bankruptcy Limitations**

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

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

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

A district may not be forced into bankruptcy involuntarily.

## **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 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 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), 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. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The TCEQ 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.

### **Continuing Compliance with Certain Covenants**

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Order 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 “LEGAL MATTERS.”

### **Marketability**

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

### **Future and Proposed Legislation**

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

### **Cybersecurity**

The District’s consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District’s consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District’s finances. Insurance to protect against such breaches is limited.

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

The District has applied for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is issued, investors should be aware of the following investment considerations.

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

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

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

## **LEGAL MATTERS**

### **Legal Opinions**

Issuance of the Bonds is subject to (i) the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from a continuing, direct annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District, and (ii) the legal opinion of Bond Counsel, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The District will also furnish the opinion of Bond Counsel that will address the matters described under “—Tax Exemption.” The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

In addition to serving as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

### **No-Litigation Certificate**

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge of the certifying officers, threatened against the District contesting or attacking the Bonds or the Bond Order; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the Bond Order, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

### **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.

### **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 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 will represent that the aggregate amount of tax-exempt obligations (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2026.

Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a twenty percent (20%) disallowance of allocable interest expense.

## **Tax Exemption**

The delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code"), and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) 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 (as defined in Section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

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

## **Proposed Tax Legislation**

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

## **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

The initial public offering price of certain Bonds (the “Discount Bonds”) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, “S” corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the “Premium Bonds”) may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. Generally, no corresponding deductions are allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

## **MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE**

Moody’s Investors Service (“Moody’s”) has assigned an underlying credit rating of “Baa3” to the Bonds. An explanation of the rating may be obtained from Moody’s. The rating fees of Moody’s will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Initial Purchaser.

Application has also been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser’s expense. The rating fees of Moody’s will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Initial Purchaser. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance.”

There is no assurance that such rating will continue for any given period of time or that it will not be revised 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.

## SALE AND DISTRIBUTION OF THE BONDS

### **Award of the Bonds**

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

The Initial Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at yields lower than the public offering yield stated on the inside cover page hereof. The initial offering yield may be changed at any time by the Initial Purchaser.

The Initial Purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchaser does not guarantee the accuracy or completeness of such information.

### **Prices and Marketability**

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 the Bonds have been offered for sale to the public. For this purpose, the term "public" shall not include any person who is a bond house, 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 at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

### **Securities Laws**

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

## PREPARATION OF OFFICIAL STATEMENT

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

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

## **Financial Advisor**

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

## **Consultants**

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

*Engineer:* The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled “THE DISTRICT—Description and Location” “—Land Use” and “—Status of Development,” “THE SYSTEM” and “THE ROAD SYSTEM” has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

*Tax Assessor/Collector:* The information contained in this Official Statement relating to the historical breakdown of the assessed valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC and is included herein in reliance upon the authority of said firm as an expert in assessing and collecting taxes.

*Auditor:* The District’s financial statements for the fiscal year ending August 31, 2025, have been audited by the independent accounting firm of McCall Gibson Swedlund Barfoot Ellis PLLC. See “APPENDIX A” for a copy of the District’s August 31, 2025, audited financial statements.

*Bookkeeper:* The information related to the unaudited summary of the District’s General Operating Fund as it appears in “WATER AND SEWER OPERATIONS” has been provided by L&S District Services, LLC and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

## **Updating the Official Statement**

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

## **Certification of Official Statement**

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

## CONTINUING DISCLOSURE OF INFORMATION

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

### **Annual Reports**

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED),” “TAX DATA,” “WATER AND SEWER OPERATIONS,” and “DEBT SERVICE REQUIREMENTS and in “APPENDIX A.” The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2026.

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

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by February 28 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

### **Specified Event Notices**

The District will provide timely notices of certain specified 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 Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District within the meaning of Rule 15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the District within the meaning of the Rule, or the sale of all or substantially all of the assets of the District within the meaning of the Rule, other than in the ordinary course of business, or 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; and (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 within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District within the meaning of the Rule, 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 the financial obligation of the District within the meaning of the Rule, any of which reflect financial difficulties. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described under “—Annual Reports.”

### **Availability of Information from MSRB**

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public through the EMMA internet portal at [www.emma.msrb.org](http://www.emma.msrb.org).

**Limitations and Amendments**

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

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

**Compliance with Prior Undertakings**

The District issued its initial series of bonds in 2023, and since that time has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

**MISCELLANEOUS**

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

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 144, as of the date shown on the cover page.

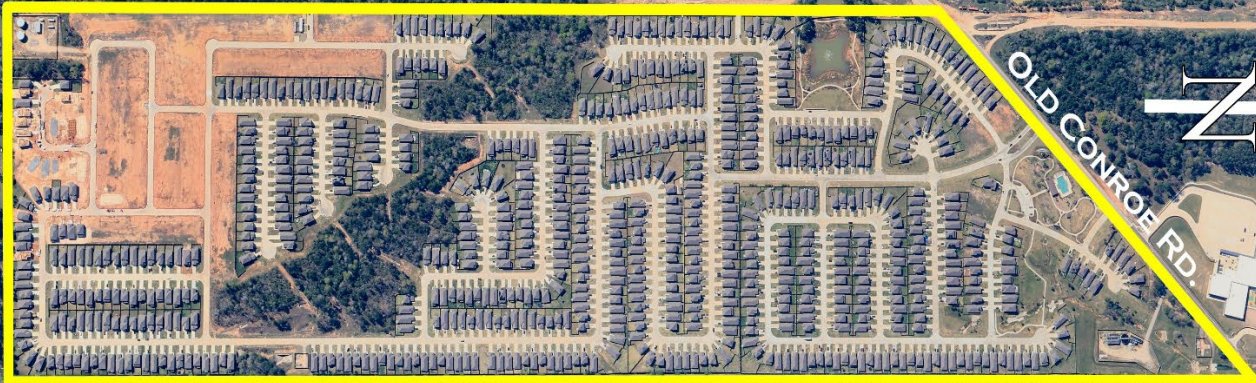
/s/ \_\_\_\_\_  
President, Board of Directors  
Montgomery County Municipal Utility District No. 144

ATTEST:

/s/ \_\_\_\_\_  
Secretary, Board of Directors  
Montgomery County Municipal Utility District No. 144

**AERIAL PHOTOGRAPH**  
**(Approximate boundaries of the District as of April 2026)**

**MONTGOMERY COUNTY MUNICIPAL  
UTILITY DISTRICT No. 144**



OLD CONROE RD.



**PHOTOGRAPHS OF THE DISTRICT**  
**(Taken April 2026)**











**APPENDIX A**

**District Audited Financial Statements for the fiscal year ended August 31, 2025**

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**MONTGOMERY COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**AUGUST 31, 2025**

**McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC**  
Certified Public Accountants

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# ***McCall Gibson Swedlund Barfoot Ellis PLLC***

*Certified Public Accountants*

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

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

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Montgomery County Municipal  
Utility District No. 144  
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. 144 (the "District") as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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. 144

### **Supplementary Information**

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

*McCall Gibson Swedlund Barfoot Ellis PLLC*

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

December 18, 2025

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025**

Management’s discussion and analysis of the financial performance of Montgomery County Municipal Utility District No. 144 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended August 31, 2025. 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 basic financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. The Statement of Net Position includes all of the District’s assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors. The Statement of Activities reports how the District’s net position changed during the current fiscal 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, property tax revenues, customer service 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. 144  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025**

**FUND FINANCIAL STATEMENTS (Continued)**

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the 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. The 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 by \$15,091,726 as of August 31, 2025. A portion of the District’s net position reflects its net investment in capital assets which include water, wastewater and drainage facilities, as well as parks and recreational facilities, less any debt used to acquire those assets that is still outstanding. The District uses these assets to provide utility services to residents of the District.

The table on the following page presents a summary of changes in the Statement of Net Position is presented as of August 31, 2025, and August 31, 2024.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	<u>Summary of Changes in the Statement of Net Position</u>		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 3,140,718	\$ 2,245,313	\$ 895,405
Capital Assets (Net of Accumulated Depreciation)	<u>23,396,503</u>	<u>23,065,855</u>	<u>330,648</u>
Total Assets	<u>\$ 26,537,221</u>	<u>\$ 25,311,168</u>	<u>\$ 1,226,053</u>
Due to Developer	\$ 22,523,834	\$ 28,151,692	\$ 5,627,858
Bonds Payable	18,428,444	10,359,162	(8,069,282)
Other Liabilities	<u>676,669</u>	<u>354,856</u>	<u>(321,813)</u>
Total Liabilities	<u>\$ 41,628,947</u>	<u>\$ 38,865,710</u>	<u>\$ (2,763,237)</u>
Net Position:			
Net Investment in Capital Assets	\$ (16,941,727)	\$ (15,043,409)	\$ (1,898,318)
Restricted for Debt Service	1,243,787	1,033,530	210,257
Unrestricted	<u>606,214</u>	<u>455,337</u>	<u>150,877</u>
Total Net Position	<u>\$ (15,091,726)</u>	<u>\$ (13,554,542)</u>	<u>\$ (1,537,184)</u>

The following table provides a comparative analysis of the District's operations for the years ending August 31, 2025, and August 31, 2024.

	<u>Summary of Changes in the Statement of Activities</u>		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,904,211	\$ 1,316,937	\$ 587,274
Charges for Services	904,295	872,624	31,671
Other Revenues	<u>111,137</u>	<u>68,494</u>	<u>42,643</u>
Total Revenues	<u>\$ 2,919,643</u>	<u>\$ 2,258,055</u>	<u>\$ 661,588</u>
Expenses:			
Conveyance of Assets	\$	\$ 10,632,461	\$ 10,632,461
Service Related Expenses	<u>4,456,827</u>	<u>4,481,944</u>	<u>25,117</u>
Total Expenses	<u>\$ 4,456,827</u>	<u>\$ 15,114,405</u>	<u>\$ 10,657,578</u>
Change in Net Position	\$ (1,537,184)	\$ (12,856,350)	\$ 11,319,166
Net Position, Beginning of Year	<u>(13,554,542)</u>	<u>(698,192)</u>	<u>(12,856,350)</u>
Net Position, End of Year	<u>\$ (15,091,726)</u>	<u>\$ (13,554,542)</u>	<u>\$ (1,537,184)</u>

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of August 31, 2025, were \$2,713,732, an increase of \$665,922 from the prior year.

The General Fund fund balance increased by \$137,994, primarily due to service revenues and property tax revenues exceeding operating expenses and capital costs.

The Debt Service Fund fund balance increased by \$315,470, primarily due to the issuance of Series 2024 Tax Bonds and the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$212,458. The District issued its Series 2024 Tax Bonds and used the proceeds to reimburse its developer (see Note 11).

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors annually adopts a budget for the General Fund. The budget was amended to increase the budgeted amount for maintenance tax revenues. Actual revenues were \$15,236 more than budgeted revenues and actual expenditures were \$325,521 more than budgeted expenditures resulting in a negative budget versus actual variance of \$310,285.

**CAPITAL ASSETS**

The District's capital assets as of August 31, 2025, totaled \$23,396,503 (net of accumulated depreciation). Capital assets include water, wastewater and drainage facilities as well as park and recreational facilities. New capital asset additions included: lift station no. 1, phase 2; lift station no. 2, phase 2; and wastewater treatment plant, phase 2.

Capital Assets At Year-End			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 315,655	\$ 315,655	\$
Capital Assets Subject to Depreciation:			
Water, Wastewater and Drainage Facilities	23,001,798	21,976,699	1,025,099
Park and Recreational Facilities	2,298,336	2,298,336	
Less Accumulated Depreciation	(2,219,286)	(1,524,835)	(694,451)
Total Net Capital Assets	\$ 23,396,503	\$ 23,065,855	\$ 330,648

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025**

**LONG-TERM DEBT ACTIVITY**

As of August 31, 2025, the District had total bond debt payable of \$18,140,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, September 1, 2024	\$ 10,140,000
Add: Bond Sale	<u>8,000,000</u>
Bond Debt Payable, August 31, 2025	<u>\$ 18,140,000</u>

**CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

The adopted budget for fiscal year 2026 projects an increase in the General Fund fund balance of \$621,889. Revenues are expected to be \$2,094,010 while expenditures are expected to be \$1,472,121. The fiscal year 2026 tax rate (2025 tax year) has been established at \$1.50 on each \$100 of taxable value and is allocated to fund general operations as well as principal and interest payments on the District’s long-term debt.

**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. 144 c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**AUGUST 31, 2025**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 74,296	\$ 39,119
Investments	774,993	1,490,650
Receivables:		
Property Taxes	17,323	19,798
Service Accounts	69,173	
Due from Other Funds	18,946	
Prepaid Costs	73,110	
Land and Land Improvements		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 1,027,841</b>	<b>\$ 1,549,567</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 309,735	\$ 30
Accrued Interest Payable		
Due to Other Funds		18,946
Security Deposits	80,100	
Due to Developer		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 389,835</b>	<b>\$ 18,976</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 17,323	\$ 19,798
<b>FUND BALANCES</b>		
Nonspendable: Prepaid Costs	\$ 73,110	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,510,793
Unassigned	547,573	
<b>TOTAL FUND BALANCES</b>	<b>\$ 620,683</b>	<b>\$ 1,510,793</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,027,841</b>	<b>\$ 1,549,567</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 30,514	\$ 143,929	\$	\$ 143,929
551,742	2,817,385		2,817,385
	37,121		37,121
	69,173		69,173
	18,946	(18,946)	
	73,110		73,110
		315,655	315,655
		23,080,848	23,080,848
<u>\$ 582,256</u>	<u>\$ 3,159,664</u>	<u>\$ 23,377,557</u>	<u>\$ 26,537,221</u>
\$	\$ 309,765	\$	\$ 309,765
		286,804	286,804
	18,946	(18,946)	
	80,100		80,100
		22,523,834	22,523,834
		515,000	515,000
		17,913,444	17,913,444
<u>\$ -0-</u>	<u>\$ 408,811</u>	<u>\$ 41,220,136</u>	<u>\$ 41,628,947</u>
<u>\$ -0-</u>	<u>\$ 37,121</u>	<u>\$ (37,121)</u>	<u>\$ -0-</u>
\$	\$ 73,110	\$ (73,110)	\$
582,256	582,256	(582,256)	
	1,510,793	(1,510,793)	
	547,573	(547,573)	
<u>\$ 582,256</u>	<u>\$ 2,713,732</u>	<u>\$ (2,713,732)</u>	<u>\$ -0-</u>
<u>\$ 582,256</u>	<u>\$ 3,159,664</u>		
		\$ (16,941,727)	\$ (16,941,727)
		1,243,787	1,243,787
		606,214	606,214
		<u>\$ (15,091,726)</u>	<u>\$ (15,091,726)</u>

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

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2025**

Total Fund Balances - Governmental Funds	\$	2,713,732
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		23,396,503
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Deferred inflows of resources related to property tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		37,121
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Liabilities not payable with current financial resources are not reported in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (22,523,834)	
Accrued Interest Payable	(286,804)	
Bonds Payable	<u>(18,428,444)</u>	<u>(41,239,082)</u>

Total Net Position - Governmental Activities	\$	<u>(15,091,726)</u>
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The accompanying notes to the financial statements are an integral part of this report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED AUGUST 31, 2025**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 874,755	\$ 1,001,370
Water Service	351,973	
Wastewater Service	295,517	
Penalty and Interest	18,566	22,385
Connection and Inspection Fees	215,854	
Investment and Miscellaneous Revenues	24,471	60,374
<b>TOTAL REVENUES</b>	<b>\$ 1,781,136</b>	<b>\$ 1,084,129</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 132,474	\$ 6,035
Contracted Services	334,759	26,136
Utilities	87,866	
Repairs and Maintenance	414,329	
Other	278,023	12,547
Capital Outlay	395,691	
Developer Interest		
Depreciation		
Debt Service:		
Bond Interest		723,941
Bond Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 1,643,142</b>	<b>\$ 768,659</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>		
<b>    OVER EXPENDITURES/EXPENSES</b>	<b>\$ 137,994</b>	<b>\$ 315,470</b>
<b>OTHER FINANCING SOURCES</b>		
Proceeds from Issuance of Long-Term Debt	\$	\$
Bond Discount		
Bond Premium		
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 137,994</b>	<b>\$ 315,470</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION -</b>		
<b>    SEPTEMBER 1, 2024</b>	<b>482,689</b>	<b>1,195,323</b>
<b>FUND BALANCES/NET POSITION -</b>		
<b>    AUGUST 31, 2025</b>	<b>\$ 620,683</b>	<b>\$ 1,510,793</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 1,876,125	\$ 28,086	\$ 1,904,211
	351,973		351,973
	295,517		295,517
	40,951		40,951
	215,854		215,854
26,292	111,137		111,137
<u>\$ 26,292</u>	<u>\$ 2,891,557</u>	<u>\$ 28,086</u>	<u>\$ 2,919,643</u>
\$	\$ 138,509	\$	\$ 138,509
	360,895		360,895
	87,866		87,866
	414,329		414,329
310	290,880		290,880
6,257,266	6,652,957	(6,652,957)	
838,245	838,245		838,245
		694,451	694,451
	723,941	108,129	832,070
799,582	799,582		799,582
<u>\$ 7,895,403</u>	<u>\$ 10,307,204</u>	<u>\$ (5,850,377)</u>	<u>\$ 4,456,827</u>
<u>\$ (7,869,111)</u>	<u>\$ (7,415,647)</u>	<u>\$ 5,878,463</u>	<u>\$ (1,537,184)</u>
\$ 8,000,000	\$ 8,000,000	\$ (8,000,000)	\$
(140,353)	(140,353)	140,353	
221,922	221,922	(221,922)	
<u>\$ 8,081,569</u>	<u>\$ 8,081,569</u>	<u>\$ (8,081,569)</u>	<u>\$ -0-</u>
\$ 212,458	\$ 665,922	\$ (665,922)	\$
		(1,537,184)	(1,537,184)
369,798	2,047,810	(15,602,352)	(13,554,542)
<u>\$ 582,256</u>	<u>\$ 2,713,732</u>	<u>\$ (17,805,458)</u>	<u>\$ (15,091,726)</u>

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

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2025**

Net Change in Fund Balances - Governmental Funds	\$	665,922
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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.		28,086
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Governmental funds do not account for depreciation. However, capital assets are depreciated over the estimated useful lives in governmental activities.		(694,451)
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Governmental funds report capital outlay 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.		6,652,957
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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.		(108,129)
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Governmental funds report bond proceeds, bond discounts and bond premiums as other financing sources and uses. Governmental activities report the issuance of bonds as a long-term liability.		<u>(8,081,569)</u>
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Change in Net Position - Governmental Activities	\$	<u>(1,537,184)</u>
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The accompanying notes to the financial statements are an integral part of this report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 1. CREATION OF DISTRICT**

Montgomery County Municipal Utility District No. 144 (the “District”) was created by Act effective May 22, 2015 of the 84<sup>th</sup> Legislature, Regular Session, Senate Bill 1005 (codified at Texas Special District Local Laws Code Chapter 7953), and generally operates under Article XVI, Section 59 and Article III, Section 52 of the Constitution of the State of Texas and Chapters 49 and 54 of the Texas Water Code. The creation was confirmed at an election held within the District on May 2, 2020. Pursuant to the Constitution of the State of Texas and Chapters 49 and 54 of the Texas Water Code, the District is empowered to, among other things, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District is also authorized to construct, acquire, improve, operate and maintain roads and improvements in aid of those roads as well as parks and recreational facilities. The District’s Board of Directors held its first meeting on February 7, 2020.

**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 a five-member elected Board of Directors. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements 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”). 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.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

These classifications are defined as follows:

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the Statement of Activities.

Fund Financial Statements

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

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Funds

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

General Fund – To account for property tax revenues, customer service 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 revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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

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 August 31, 2025, the Debt Service Fund owed the General Fund \$18,946 for maintenance tax collections.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

Capital assets, which include the water, wastewater and drainage facilities as well as parks and recreational facilities, 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. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Interest costs incurred during construction are not capitalized. Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation over periods ranging from 10 to 45 years. The District conveys road infrastructure to Montgomery County for ownership and maintenance. Conveyances of road infrastructure since inception total \$10,632,461.

Budgeting

An General Fund budget is adopted each year 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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

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.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

Fund balances in governmental funds are classified using the following hierarchy:

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

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

*Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District had no such amounts.

*Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District had no such amounts.

*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.

Pensions

The District has no employees. The Internal Revenue Service has determined that the District's directors are considered to be "employees" for federal payroll tax purposes only. A separate pension plan has not been established for the directors.

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.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 3. LONG-TERM DEBT**

	<u>Series 2023 Utility</u>	<u>Series 2024 Utility</u>
Amount Outstanding – August 31, 2025	\$ 10,140,000	\$ 8,000,000
Interest Rates	4.50% - 7.00%	4.00% - 6.50%
Maturity Dates – Serially Beginning/Ending	May 1, 2026/2048	May 1, 2026/2050
Interest Payment Dates	November 1/ May 1	November 1/ May 1
Callable Dates	May 1, 2030*	May 1, 2031*

\* Or any date thereafter, in whole or in part, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2023 term bonds maturing on May 1, 2030 are subject to mandatory redemption by random selection beginning May 1, 2026. Series 2024 term bonds maturing on May 1, 2039 are subject to mandatory redemption by random selection beginning May 1, 2038.

Bonds payable activity during the current fiscal year is summarized in the following table:

	September 1, 2024	Additions	Retirements	August 31, 2025
Bonds Payable	\$ 10,140,000	\$ 8,000,000	\$	\$ 18,140,000
Unamortized Discounts		(140,353)	(5,220)	(135,133)
Unamortized Premiums	219,162	221,922	17,507	423,577
Bonds Payable, Net	<u>\$ 10,359,162</u>	<u>\$ 8,081,569</u>	<u>\$ 12,287</u>	<u>\$ 18,428,444</u>
		Amount Due Within One Year		\$ 515,000
		Amount Due After One Year		<u>17,913,444</u>
		Bonds Payable, Net		<u>\$ 18,428,444</u>

The District has the following authorized but unissued bonds: \$42,940,000 for the purposes of acquiring, constructing and improving the water, sewer and drainage facilities; \$7,200,000 for the acquisition and construction of park and recreational facilities; \$31,440,000 for the construction of roads; and \$91,620,000, \$47,160,000 and \$10,800,000 for the refunding of bonds previously issued for utilities, roads, and parks and recreational facilities, respectively. 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.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of August 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 515,000	\$ 860,413	\$ 1,375,413
2027	530,000	825,738	1,355,738
2028	540,000	790,013	1,330,013
2029	555,000	753,588	1,308,588
2030	570,000	716,113	1,286,113
2031-2035	3,090,000	3,103,962	6,193,962
2036-2040	3,570,000	2,395,261	5,965,261
2041-2045	4,200,000	1,565,681	5,765,681
2046-2050	4,570,000	559,974	5,129,974
	<u>\$ 18,140,000</u>	<u>\$ 11,570,743</u>	<u>\$ 29,710,743</u>

For the year ended August 31, 2025, the District levied an ad valorem debt service tax rate of \$0.80 per \$100 of assessed valuation, which resulted in a tax levy of \$1,007,785 on the adjusted taxable valuation of \$125,973,147 for the 2024 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The bond orders state that the District is required to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information is of the general type included in 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.

The District covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of section 148(f) of the Internal Revenue Code, determination of the rebatable amount is on each five-year anniversary of the bonds.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**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 \$143,929 and the bank balance was \$205,466. The bank balances were covered by federal depository insurance. The carrying values of the deposits at August 31, 2025, are listed below:

	Cash
GENERAL FUND	\$ 74,296
DEBT SERVICE FUND	39,119
CAPITAL PROJECTS FUND	30,514
TOTAL DEPOSITS	\$ 143,929

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 which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), a public funds investment pool. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor and UMB Bank, N.A., serves as the custodian for the pool. Texas CLASS is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS participants. The fair value of the District’s position in the pool is the same as the value of pool shares.

As of August 31, 2025, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 774,993	\$ 774,993
<u>DEBT SERVICE FUND</u>		
Texas CLASS	1,490,650	1,490,650
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	551,742	551,742
TOTAL INVESTMENTS	\$ 2,817,385	\$ 2,817,385

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District’s investments in Texas CLASS were rated AAAM by Standard and Poor’s. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The District considers the investment in Texas CLASS to have maturities of less than one year since the share positions 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.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 6. CAPITAL ASSETS**

Changes in capital assets during the current fiscal year are summarized in the following table:

	September 1, 2024	Increases	Decreases	August 31, 2025
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 315,655	\$ - 0 -	\$ - 0 -	\$ 315,655
<b>Capital Assets Subject to Depreciation</b>				
Water, Wastewater and Drainage Facilities	\$ 21,976,699	\$ 1,025,099	\$	\$ 23,001,798
Park and Recreational Facilities	2,298,336			2,298,336
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 24,275,035</b>	<b>\$ 1,025,099</b>	<b>\$ - 0 -</b>	<b>\$ 25,300,134</b>
<b>Accumulated Depreciation</b>				
Water, Wastewater and Drainage Facilities	\$ 1,114,050	\$ 497,684	\$	\$ 1,611,734
Park and Recreational Facilities	410,785	196,767		607,552
<b>Total Accumulated Depreciation</b>	<b>\$ 1,524,835</b>	<b>\$ 694,451</b>	<b>\$ - 0 -</b>	<b>\$ 2,219,286</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 22,750,200</b>	<b>\$ 330,648</b>	<b>\$ - 0 -</b>	<b>\$ 23,080,848</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 23,065,855</b>	<b>\$ 330,648</b>	<b>\$ - 0 -</b>	<b>\$ 23,396,503</b>

**NOTE 7. MAINTENANCE TAX**

On May 2, 2020, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District to fund operations and a maintenance tax not to exceed \$0.10 per \$100 of assessed valuation of taxable property within the District to fund park maintenance. During the year ended August 31, 2025, the District levied an ad valorem maintenance tax rate of \$0.70 per \$100 of assessed valuation, which resulted in a tax levy of \$881,812 on the adjusted taxable valuation of \$125,973,147 for the 2024 tax year. The maintenance tax may be used for any lawful purpose.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 8. RISK MANAGEMENT**

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

**NOTE 9. UNREIMBURSED COSTS**

The District has executed facilities and operating costs reimbursement agreements with the Developer. The agreements call for the Developer to fund costs associated with the construction of water, sewer and drainage facilities, roads, and recreational facilities as well as make operating advances as needed during the early stages of development. Reimbursements will come from proceeds of future bond issues to the extent approved by the Commission.

The following table summarizes unreimbursed costs activity for the fiscal year ending August 31, 2025:

Due to Developer, September 1, 2024		\$ 28,151,692
Add: Current Year Additions		629,408
Less: Current Year Reimbursements		<u>(6,257,266)</u>
Due to Developer, August 31, 2025		<u><u>\$ 22,523,834</u></u>

**NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT**

The District entered into a Strategic Partnership Agreement (the “SPA”) with the City of Conroe (the “City”), which was effective September 29, 2022. The SPA provides that the District consents to full-purpose annexation by the City at any time on or after December 31 of the 16<sup>th</sup> year following the District’s first ad valorem tax bond issuance or December 31, 2047, whichever is first, and the City agrees not to annex the District for full municipal purposes prior to such date. Upon full-purpose annexation, the City may abolish the District and assume its debts and obligations or continue the District as a limited district. Under the limited district option, the District may retain all obligation for any indebtedness of the District and continue to exist as a limited district for so long as may be necessary for the limited district to fully discharge all such indebtedness. The limited district would continue until dissolved by the City. The City may dissolve the limited district by ordinance any time after 90% build out.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2025**

**NOTE 11. BOND SALE**

On September 17, 2024, the District closed on the sale of its \$8,000,000 Series 2024 Unlimited Tax Bonds. Proceeds were used to reimburse the Developer for the cost of acquisition or construction of utilities serving Rivers Edge, Sections 1 and 2. Bond proceeds were also used to pay bond issuance costs and Developer interest.

**NOTE 12. USE OF SURPLUS FUNDS**

On August 7, 2025, the Commission approved the use of \$561,042 in surplus funds to reduce the overall bond issue requirement for the upcoming bond sale subsequent to year-end (see Note 13).

**NOTE 13. SUBSEQUENT EVENT - BOND SALE**

On September 23, 2025, subsequent to year end, the District closed on the sale of its \$5,000,000 Series 2025 Unlimited Tax Bonds. Proceeds were used to reimburse the Developer for the cost of acquisition or construction of utilities serving Rivers Edge, Sections 2 and 3. Bond proceeds were also used to pay bond issuance costs and Developer interest.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**

**REQUIRED SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2025**

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2025**

	Original Budget	Amended and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 603,000	\$ 845,900	\$ 874,755	\$ 28,855
Water Service	340,000	340,000	351,973	11,973
Wastewater Service	205,000	205,000	295,517	90,517
Penalty and Interest	18,000	18,000	18,566	566
Connection and Inspection Fees	339,000	339,000	215,854	(123,146)
Investment and Miscellaneous Revenues	<u>18,000</u>	<u>18,000</u>	<u>24,471</u>	<u>6,471</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,523,000</u>	<u>\$ 1,765,900</u>	<u>\$ 1,781,136</u>	<u>\$ 15,236</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 129,000	\$ 129,000	\$ 132,474	\$ (3,474)
Contracted Services	262,000	262,000	334,759	(72,759)
Utilities	80,600	80,600	87,866	(7,266)
Repairs, Maintenance, Capital Outlay	597,500	597,500	810,020	(212,520)
Other	<u>248,521</u>	<u>248,521</u>	<u>278,023</u>	<u>(29,502)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,317,621</u>	<u>\$ 1,317,621</u>	<u>\$ 1,643,142</u>	<u>\$ (325,521)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 205,379	\$ 448,279	\$ 137,994	\$ (310,285)
<b>FUND BALANCE - SEPTEMBER 1, 2024</b>	<u>482,689</u>	<u>482,689</u>	<u>482,689</u>	<u>_____</u>
<b>FUND BALANCE - AUGUST 31, 2025</b>	<u>\$ 688,068</u>	<u>\$ 930,968</u>	<u>\$ 620,683</u>	<u>\$ (310,285)</u>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**AUGUST 31, 2025**

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
SERVICES AND RATES  
FOR THE YEAR ENDED AUGUST 31, 2025**

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

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

**2. RETAIL SERVICE PROVIDERS:**

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

The rates below are based on the rate order effective March 20, 2025.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels (in gallons)</u>
WATER:	\$ 32.00	10,000	N	\$2.90 \$3.50 \$4.40	10,001 – 20,000 20,001 – 25,000 25,001 or greater
WASTEWATER:	\$ 32.00	10,000	N	\$1.50 \$1.75 \$2.00	10,001 – 20,000 20,001 – 25,000 25,001 or greater
SURCHARGE:	LSGCD fee plus 10%				

District employs winter averaging for wastewater usage? \_\_\_\_\_   X    
Yes                      No

Total monthly charges per 10,000 gallons usage: Water: \$32.00 Wastewater: \$32.00 Surcharge: \$0.94

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
SERVICES AND RATES  
FOR THE YEAR ENDED AUGUST 31, 2025**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
5/8"	<u>          </u>	<u>          </u>	x 1.0	<u>          </u>
≤3/4"	<u>          780</u>	<u>          777</u>	x 1.0	<u>          777</u>
1"	<u>          1</u>	<u>          1</u>	x 2.5	<u>          3</u>
1½"	<u>          </u>	<u>          </u>	x 5.0	<u>          </u>
2"	<u>          6</u>	<u>          5</u>	x 8.0	<u>          40</u>
3"	<u>          </u>	<u>          </u>	x 15.0	<u>          </u>
4"	<u>          1</u>	<u>          1</u>	x 25.0	<u>          25</u>
6"	<u>          </u>	<u>          </u>	x 50.0	<u>          </u>
8"	<u>          </u>	<u>          </u>	x 80.0	<u>          </u>
10"	<u>          </u>	<u>          </u>	x 115.0	<u>          </u>
Total Water Connections	<u>          788</u>	<u>          784</u>		<u>          845</u>
Total Wastewater Connections	<u>          782</u>	<u>          778</u>	x 1.0	<u>          778</u>

**3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND:**

Gallons pumped into the System:	71,628,000	Water Accountability Ratio: 92.1%
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	65,935,000	

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
SERVICES AND RATES  
FOR THE YEAR ENDED AUGUST 31, 2025**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ in which District is located:

City of Conroe, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED AUGUST 31, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 15,000
Engineering	29,319
Legal	88,155
TOTAL PROFESSIONAL FEES	<u>\$ 132,474</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 15,259
Operations and Billing	99,557
Solid Waste Disposal	194,443
Security Cameras and Monitoring	25,500
TOTAL CONTRACTED SERVICES	<u>\$ 334,759</u>
UTILITIES	<u>\$ 87,866</u>
REPAIRS AND MAINTENANCE	<u>\$ 414,329</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 8,598
Insurance	21,549
Website, Meetings, and Other	1,979
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 32,126</u>
CAPITAL OUTLAY	<u>\$ 395,691</u>
CONNECTION AND INSPECTION FEES	<u>\$ 194,179</u>
OTHER EXPENDITURES:	
Chemicals and Laboratory Fees	\$ 13,825
Permit Fees	17,036
Regulatory Assessment	2,471
Sludge Hauling	18,386
TOTAL OTHER EXPENDITURES	<u>\$ 51,718</u>
TOTAL EXPENDITURES	<u>\$ 1,643,142</u>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**INVESTMENTS**  
**AUGUST 31, 2025**

<u>Funds</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> Texas CLASS	XXXX1004	Varies	Daily	\$ <u>774,993</u>	\$ <u>- 0 -</u>
<u>DEBT SERVICE FUND</u> Texas CLASS	XXXX0002	Varies	Daily	\$ <u>1,490,650</u>	\$ <u>- 0 -</u>
<u>CAPITAL PROJECTS FUND</u> Texas CLASS	XXXX0003	Varies	Daily	\$ <u>551,742</u>	\$ <u>- 0 -</u>
TOTAL - ALL FUNDS				\$ <u><u>2,817,385</u></u>	\$ <u><u>- 0 -</u></u>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2025**

	Maintenance Taxes		Debt Service Taxes	
<b>TAXES RECEIVABLE:</b>				
SEPTEMBER 1, 2024	\$	4,440	\$	4,595
Adjustments to Beginning Balance		<u>5,826</u>	\$	<u>8,788</u>
		\$ 10,266	\$	13,383
Original 2024 Tax Levy	\$	809,256	\$	924,864
Adjustment to 2024 Tax Levy		<u>72,556</u>	<u>881,812</u>	<u>1,007,785</u>
<b>TOTAL TO BE ACCOUNTED FOR</b>		<b>\$ 892,078</b>		<b>\$ 1,021,168</b>
<b>TAX COLLECTIONS:</b>				
Prior Years	\$	4,494	\$	6,787
Current Year		<u>870,261</u>	<u>874,755</u>	<u>994,583</u>
			<u>1,001,370</u>	
<b>TAXES RECEIVABLE:</b>				
AUGUST 31, 2025		<u>\$ 17,323</u>		<u>\$ 19,798</u>
<b>TAXES RECEIVABLE BY YEAR:</b>				
2024	\$	11,551	\$	13,202
2023		<u>5,772</u>		<u>6,596</u>
<b>TOTAL</b>		<b>\$ 17,323</b>		<b>\$ 19,798</b>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2025**

	2024	2023	2022	2021
<b>PROPERTY VALUATIONS:</b>				
Land and Improvements	\$ 39,912,531	\$ 35,093,860	\$ 11,931,220	\$ 1,400,480
Improvements	87,160,987	52,888,470	1,170	
Personal Property	194,889	30,072	10,310	
Exemptions	(1,295,260)	(192,642)		
<b>TOTAL PROPERTY VALUATIONS</b>	<b>\$ 125,973,147</b>	<b>\$ 87,819,760</b>	<b>\$ 11,942,700</b>	<b>\$ 1,400,480</b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.80	\$ 0.80	\$ 0.00	\$ 0.00
Maintenance	0.70	0.70	1.50	1.50
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b>\$ 1.50</b>	<b>\$ 1.50</b>	<b>\$ 1.50</b>	<b>\$ 1.50</b>
<b>ADJUSTED TAX LEVY*</b>	<b>\$ 1,889,597</b>	<b>\$ 1,317,296</b>	<b>\$ 179,152</b>	<b>\$ 21,007</b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<b>98.69 %</b>	<b>99.06 %</b>	<b>100.00 %</b>	<b>100.00 %</b>

\* Based upon adjusted tax at time of audit for the period in which the tax was levied.

Maintenance Tax – Maximum operations and maintenance tax rate of \$1.50 per \$100 of assessed valuation was approved by voters on May 2, 2020.

Park Maintenance Tax – Maximum park maintenance tax rate of \$0.10 per \$100 of assessed valuation was approved by voters on May 2, 2020.

See accompanying independent auditor’s report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**AUGUST 31, 2025**

SERIES - 2023 UTILITY

Due During Fiscal Years Ending August 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 240,000	\$ 499,163	\$ 739,163
2027	255,000	482,363	737,363
2028	265,000	464,513	729,513
2029	280,000	445,963	725,963
2030	295,000	426,363	721,363
2031	310,000	405,713	715,713
2032	325,000	391,763	716,763
2033	340,000	377,137	717,137
2034	360,000	361,837	721,837
2035	380,000	345,637	725,637
2036	395,000	328,538	723,538
2037	415,000	310,762	725,762
2038	440,000	292,087	732,087
2039	460,000	272,287	732,287
2040	485,000	251,587	736,587
2041	510,000	229,763	739,763
2042	535,000	206,175	741,175
2043	565,000	181,431	746,431
2044	590,000	155,300	745,300
2045	625,000	128,012	753,012
2046	655,000	98,325	753,325
2047	690,000	67,212	757,212
2048	725,000	34,437	759,437
2049			
2050			
	<u>\$ 10,140,000</u>	<u>\$ 6,756,368</u>	<u>\$ 16,896,368</u>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**AUGUST 31, 2025**

SERIES - 2024 UTILITY

Due During Fiscal Years Ending August 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 275,000	\$ 361,250	\$ 636,250
2027	275,000	343,375	618,375
2028	275,000	325,500	600,500
2029	275,000	307,625	582,625
2030	275,000	289,750	564,750
2031	275,000	271,875	546,875
2032	275,000	254,000	529,000
2033	275,000	243,000	518,000
2034	275,000	232,000	507,000
2035	275,000	221,000	496,000
2036	275,000	210,000	485,000
2037	275,000	199,000	474,000
2038	275,000	188,000	463,000
2039	275,000	177,000	452,000
2040	275,000	166,000	441,000
2041	275,000	155,000	430,000
2042	275,000	144,000	419,000
2043	275,000	133,000	408,000
2044	275,000	122,000	397,000
2045	275,000	111,000	386,000
2046	300,000	100,000	400,000
2047	300,000	88,000	388,000
2048	300,000	76,000	376,000
2049	800,000	64,000	864,000
2050	800,000	32,000	832,000
	<u>\$ 8,000,000</u>	<u>\$ 4,814,375</u>	<u>\$ 12,814,375</u>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**AUGUST 31, 2025**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 515,000	\$ 860,413	\$ 1,375,413
2027	530,000	825,738	1,355,738
2028	540,000	790,013	1,330,013
2029	555,000	753,588	1,308,588
2030	570,000	716,113	1,286,113
2031	585,000	677,588	1,262,588
2032	600,000	645,763	1,245,763
2033	615,000	620,137	1,235,137
2034	635,000	593,837	1,228,837
2035	655,000	566,637	1,221,637
2036	670,000	538,538	1,208,538
2037	690,000	509,762	1,199,762
2038	715,000	480,087	1,195,087
2039	735,000	449,287	1,184,287
2040	760,000	417,587	1,177,587
2041	785,000	384,763	1,169,763
2042	810,000	350,175	1,160,175
2043	840,000	314,431	1,154,431
2044	865,000	277,300	1,142,300
2045	900,000	239,012	1,139,012
2046	955,000	198,325	1,153,325
2047	990,000	155,212	1,145,212
2048	1,025,000	110,437	1,135,437
2049	800,000	64,000	864,000
2050	800,000	32,000	832,000
	<u>\$ 18,140,000</u>	<u>\$ 11,570,743</u>	<u>\$ 29,710,743</u>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED AUGUST 31, 2025**

Description	Original Bonds Issued	Bonds Outstanding September 1, 2024
Montgomery County Municipal Utility District No. 144 Unlimited Tax Bonds - Series 2023	\$ 10,140,000	\$ 10,140,000
Montgomery County Municipal Utility District No. 144 Unlimited Tax Bonds - Series 2024	<u>8,000,000</u>	<u>                    </u>
<b>TOTAL</b>	<u><u>\$ 18,140,000</u></u>	<u><u>\$ 10,140,000</u></u>

Bond Authority:	<u>Utility Bonds</u>	<u>Park Bonds</u>	<u>Road Bonds</u>
Amount Authorized by Voters	\$ 61,080,000	\$ 7,200,000	\$ 31,440,000
Amount Issued	<u>(18,140,000)</u>	<u>                    </u>	<u>                    </u>
Remaining to be Issued	<u><u>\$ 42,940,000</u></u>	<u><u>\$ 7,200,000</u></u>	<u><u>\$ 31,440,000</u></u>

Debt Service Fund cash and investment balances as of August 31, 2025: \$ 1,529,769

Average annual debt service payment for remaining term of all bond debt: \$ 1,188,430

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

Note: The District also has authorized but unissued bonds of \$91,620,000, \$47,160,000 and \$10,800,000 for the refunding of bonds previously issued for utilities, roads, and parks and recreational facilities, respectively.

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding August 31, 2025	Paying Agent
	Principal	Interest		
\$	\$	\$ 499,163	\$ 10,140,000	Zions Bancorp Houston, TX
<u>8,000,000</u>		<u>224,778</u>	<u>8,000,000</u>	Zions Bancorp Houston, TX
<u>\$ 8,000,000</u>	<u>\$ - 0 -</u>	<u>\$ 723,941</u>	<u>\$ 18,140,000</u>	

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FOUR YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 874,755	\$ 611,619	\$ 177,472
Water Service	351,973	251,824	183,300
Wastewater Service	295,517	208,749	115,599
Penalty and Interest	18,566	17,602	16,187
Connection and Inspection Fees	215,854	384,819	128,070
Investment and Miscellaneous Revenues	24,471	14,934	2,812
<b>TOTAL REVENUES</b>	<b>\$ 1,781,136</b>	<b>\$ 1,489,547</b>	<b>\$ 623,440</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 132,474	\$ 128,516	\$ 105,952
Contracted Services	334,759	222,932	104,554
Utilities	87,866	82,474	69,177
Repairs, Maintenance, Capital Outlay	810,020	413,316	255,013
Other	278,023	319,866	201,835
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,643,142</b>	<b>\$ 1,167,104</b>	<b>\$ 736,531</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 137,994</b>	<b>\$ 322,443</b>	<b>\$ (113,091)</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	\$	\$ 57,077	\$
Developer Contributions			86,792
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ - 0 -</b>	<b>\$ 57,077</b>	<b>\$ 86,792</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 137,994</b>	<b>\$ 379,520</b>	<b>\$ (26,299)</b>
<b>BEGINNING FUND BALANCE</b>	<b>482,689</b>	<b>103,169</b>	<b>129,468</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 620,683</b>	<b>\$ 482,689</b>	<b>\$ 103,169</b>

See accompanying independent auditor's report.

Percentage of Total Revenues				
<u>2022</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
\$ 21,007	49.1 %	41.1 %	28.5 %	4.4 %
86,458	19.8	16.9	29.4	18.6
46,781	16.6	14.0	18.5	10.1
9,542	1.0	1.2	2.6	2.1
300,074	12.1	25.8	20.5	64.5
<u>1,217</u>	<u>1.4</u>	<u>1.0</u>	<u>0.5</u>	<u>0.3</u>
<u>\$ 465,079</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 19,704	7.4 %	8.6 %	17.0 %	4.2 %
29,936	18.8	15.0	16.8	6.4
24,315	4.9	5.5	11.1	5.2
92,162	45.5	27.7	40.9	19.8
<u>194,571</u>	<u>15.6</u>	<u>21.5</u>	<u>32.4</u>	<u>41.8</u>
<u>\$ 360,688</u>	<u>92.2 %</u>	<u>78.3 %</u>	<u>118.2 %</u>	<u>77.4 %</u>
<u>\$ 104,391</u>	<u>7.8 %</u>	<u>21.7 %</u>	<u>(18.2) %</u>	<u>22.6 %</u>
\$				
<u>20,000</u>				
<u>\$ 20,000</u>				
\$ 124,391				
<u>5,077</u>				
<u>\$ 129,468</u>				

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
DEBT SERVICE FUND – FOUR YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 1,001,370	\$ 697,963	\$
Penalty and Interest	22,385	9,630	
Investment and Miscellaneous Revenues	60,374	40,659	
<b>TOTAL REVENUES</b>	<b>\$ 1,084,129</b>	<b>\$ 748,252</b>	<b>\$ - 0 -</b>
<b>EXPENDITURES</b>			
Tax Assessment and Collection Costs	\$ 44,218	\$ 25,747	
Debt Service Interest and Fees	724,441	275,926	
<b>TOTAL EXPENDITURES</b>	<b>\$ 768,659</b>	<b>\$ 301,673</b>	<b>\$ - 0 -</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 315,470</b>	<b>\$ 446,579</b>	<b>\$ - 0 -</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-term Debt	\$ - 0 -	\$ 748,744	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 315,470</b>	<b>\$ 1,195,323</b>	<b>\$</b>
<b>BEGINNING FUND BALANCE</b>	1,195,323		
<b>ENDING FUND BALANCE</b>	<b>\$ 1,510,793</b>	<b>\$ 1,195,323</b>	<b>\$ - 0 -</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>784</b>	<b>671</b>	<b>377</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>778</b>	<b>666</b>	<b>372</b>

See accompanying independent auditor's report.

Percentage of Total Revenue					
<u>2022</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	
\$	92.4 %	93.3 %		%	%
	2.1	1.3			
	5.6	5.4			
<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>NA</u>	%	<u>NA</u> %
\$	4.1 %	3.4 %		%	%
	66.8	36.9			
<u>\$ - 0 -</u>	<u>70.9 %</u>	<u>40.3 %</u>	<u>NA</u>	%	<u>NA</u> %
<u>\$ - 0 -</u>	<u>29.1 %</u>	<u>59.7 %</u>	<u>NA</u>	%	<u>NA</u> %
<u>\$ - 0 -</u>					
\$					
<u>\$ - 0 -</u>					
<u>268</u>					
<u>262</u>					

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**AUGUST 31, 2025**

District Mailing Address - Montgomery County Municipal Utility District No. 144  
1330 Post Oak Boulevard, Suite 2650  
Houston, TX 77056

District Telephone Number - (713) 850-9000

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2025	Expense Reimbursements for the year ended August 31, 2025	Title
Daniel Espinosa	05/22 05/26 (Elected)	\$ 1,105	\$ 234	President
Byron Hutcheson	05/24 05/28 (Elected)	\$ 1,547	\$ 29	Vice President
Stephanie Maytubby	05/24 05/28 (Appointed)	\$ 1,989	\$ -0-	Secretary
Christopher Dolan	05/22 05/26 (Elected)	\$ 1,989	\$ 273	Assistant Secretary
Dan Summers	07/25 05/26 (Appointed)	\$ 442	\$ -0-	Assistant Secretary

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

The most recent submission date of the District Registration Form was on July 21, 2025.

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

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 144**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**AUGUST 31, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2025</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	02/07/20	\$ 91,655 \$ 216,624	Attorney Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	05/11/20	\$ 15,000 \$ 16,500	Auditor Bond Related
L&S District Services LLC	02/07/20	\$ 16,459	Bookkeeper
LJA Engineering	02/07/20	\$ 95,982	Engineer
Masterson Advisors, LLC	02/07/20	\$ 146,439	Financial Advisor
Debra Loggins and Tiffany Carden	02/07/20	\$ -0-	Investment Officers
Si Environmental, LLC	04/14/21	\$ 521,975	Operator
Utility Tax Service, LLC	02/07/20	\$ 18,366	Tax Assessor/ Collector

See accompanying independent auditor's report.

