

OFFICIAL STATEMENT DATED JULY 9, 2026

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

The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

S&P Global Ratings (BAM Insured)..... "AA."
Moody's Ratings (Underlying)..... "Baa3."
See "MUNICIPAL BOND INSURANCE" and "RATINGS."

\$5,785,000

WALLER COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

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

UNLIMITED TAX PARK BONDS

SERIES 2026

Dated: August 1, 2026

Interest Accrues From: Date of Delivery

Due: September 1, as shown on inside cover

The \$5,785,000 Unlimited Tax Park Bonds, Series 2026 (the "Bonds") are obligations of Waller County Municipal Utility District No. 37 (the "District") and are not obligations of the State of Texas; Waller County, Texas; the City of Houston, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Waller County, Texas; the City of Houston, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated August 1, 2026 (the "Dated Date"), and will accrue interest from the initial date of delivery, which is expected to be on or about August 18, 2026 (the "Date of Delivery"), with interest payable March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

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

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" on inside cover.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM")**.



The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

Investment in the Bonds is subject to certain investment considerations as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "INVESTMENT CONSIDERATIONS," before making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about August 18, 2026.

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

\$5,785,000 Unlimited Tax Park Bonds, Series 2026

\$4,690,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 93245C (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 93245C (b)
2028	\$125,000	6.500%	2.950%	FF5	2039 (c)	\$210,000	4.000%	4.050%	FS7
2029	130,000	6.500%	3.030%	FG3	2040 (c)	220,000	4.000%	4.100%	FT5
2030	140,000	6.500%	3.100%	FH1	2041 (c)	230,000	4.000%	4.150%	FU2
2031	145,000	6.500%	3.180%	FJ7	2042 (c)	240,000	4.000%	4.200%	FV0
2032 (c)	150,000	6.500%	3.270%	FK4	2043 (c)	250,000	4.000%	4.260%	FW8
2033 (c)	160,000	6.500%	3.340%	FL2	2044 (c)	265,000	4.000%	4.340%	FX6
2034 (c)	165,000	6.500%	3.450%	FM0	2045 (c)	275,000	4.000%	4.400%	FY4
2035 (c)	175,000	4.000%	3.700%	FN8	2046 (c)	290,000	4.000%	4.520%	FZ1
2036 (c)	180,000	4.000%	3.780%	FP3	2047 (c)	305,000	4.125%	4.580%	GA5
2037 (c)	190,000	4.000%	3.880%	FQ1	2048 (c)	315,000	4.125%	4.640%	GB3
2038 (c)	200,000	4.000%	3.980%	FR9	2049 (c)	330,000	4.250%	4.680%	GC1

\$1,095,000 Term Bond

\$1,095,000 Term Bond Due September 1, 2052 (c)(d), Interest Rate: 4.500% (Price: \$96.285) (a), CUSIP No. 93245C GF4 (b)

-
- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (herein defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on September 1, 2032, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."
- (d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information, or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Initial Purchaser.

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel, for further information.

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

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

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.

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT ..1	Issuance of Additional Debt.....17
TABLE OF CONTENTS.....1	Outstanding Bonds18
SALE AND DISTRIBUTION OF THE BONDS3	Payment Record.....18
Award of the Bonds3	Source of Payment18
Prices and Marketability3	Funds18
Securities Laws.....3	Short-Term Debt.....19
MUNICIPAL BOND INSURANCE.....3	Annexation19
Bond Insurance Policy3	Consolidation19
Build America Mutual Assurance Company3	No Arbitrage19
RATINGS.....5	Defeasance.....20
OFFICIAL STATEMENT SUMMARY.....6	Legal Investment and Eligibility to Secure
SELECTED FINANCIAL INFORMATION.....11	Public Funds in Texas20
INTRODUCTION13	Registered Owners' Remedies.....21
THE BONDS.....13	Use and Distribution of Bond Proceeds.....22
General13	INVESTMENT CONSIDERATIONS23
Book-Entry-Only System.....13	General23
Successor Paying Agent/Registrar15	Factors Affecting Taxable Values and Tax
Registration, Transfer and Exchange15	Payments23
Redemption of the Bonds16	
Mutilated, Lost, Stolen or Destroyed Bonds17	
Authority for Issuance.....17	

Competitive Nature of Residential Housing		TAX DATA	48
Market	24	General	48
Vacant Developed Lots	24	Tax Rate Limitation	48
Increases in Costs of Building Materials	24	Maintenance Tax	48
Tax Collection Limitations	24	Road Maintenance Tax	48
Registered Owners' Remedies and Bankruptcy	25	Contract Tax	48
Bankruptcy Limitation to Registered Owners'		Additional Penalties	48
Rights	25	Historical Tax Collections	49
Future Debt	25	Tax Rate Distribution	49
Operational Expenses	27	Estimated Overlapping Taxes	49
Environmental Regulations	27	Tax Rate Calculations	50
Potential Effects of Oil Price Fluctuations on		Taxable Assessed Valuation Summary	50
the Houston Area	29	Principal Taxpayers	50
Specific Flood Type Risks	29	REGIONAL DISTRICT CONTRACT	51
National Weather Service Atlas Rainfall Study	29	THE UTILITY SYSTEM	52
Potential Impact of Natural Disaster	30	Regulation	52
Marketability	30	Wholesale Agreement for Water and	
Continuing Compliance with Certain		Wastewater Service	52
Covenants	30	Source of Water Supply and Wastewater	
Cybersecurity	30	Treatment	52
Bond Insurance Risk Factors	30	Storm Drainage	53
THE DISTRICT	31	100-Year Flood Plain	53
Authority	31	THE ROAD SYSTEM	54
Description	32	LEGAL MATTERS	54
Management of the District	32	Legal Opinions	54
Investment Policy	32	No-Litigation Certificate	54
Consultants	32	No Material Adverse Change	55
General Fund Operating Statement	34	TAX MATTERS	55
DEVELOPMENT OF THE DISTRICT	35	Tax Exemption	55
Status of Development within the District	35	Qualified Tax-Exempt Obligations	56
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT	36	Additional Federal Income Tax Considerations	56
THE DEVELOPERS	37	CONTINUING DISCLOSURE OF INFORMATION	58
Role of the Developer	37	Annual Reports	58
Developers	37	Event Notices	58
Developer Financing	37	Availability of Information from EMMA	59
Homebuilders within the District	38	Limitations and Amendments	59
DISTRICT DEBT	39	Compliance with Prior Undertakings	59
Debt Service Requirements Schedule	39	OFFICIAL STATEMENT	59
Bonded Indebtedness	40	General	59
Estimated Direct and Overlapping Debt		Experts	59
Statement	42	Certification as to Official Statement	60
Debt Ratios	42	Updating of Official Statement	60
TAXING PROCEDURES	43	CONCLUDING STATEMENT	60
Authority to Levy Taxes	43		
Property Tax Code and County-Wide Appraisal		APPENDIX A Financial Statements of the District	
District	43	APPENDIX B Specimen Municipal Bond Insurance	
Property Subject to Taxation by the District	43	Policy	
Tax Abatement	44		
Valuation of Property for Taxation	45		
Tax Payment Installments After Disaster	45		
District and Taxpayer Remedies	46		
Levy and Collection of Taxes	46		
Rollback of Operation and Maintenance Tax			
Rate	46		
District's Rights in the Event of Tax			
Delinquencies	47		

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by UMB Bank, N.A. (referred to herein as the “Initial Purchaser”). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates on the inside cover page of this Official Statement, at a price of 97.046605% of the principal amount thereof, which resulted in a net effective interest rate of 4.502373%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

Subject to certain restrictions described in the Official Notice of Sale, the District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of

income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$493.3 million, \$277.6 million and \$215.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RATINGS

The Bonds are expected to receive an insured rating of “AA” from S&P solely in reliance upon the issuance of the municipal bond insurance Policy for the Bonds by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols “AAA” (the highest rating) through “D” (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

Moody’s Ratings (“Moody’s”) has assigned an underlying credit rating of “Baa3” to the Bonds. An explanation of the rating may be obtained from Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody’s, if in their judgement, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the ratings of S&P and Moody’s.

[Remainder of this page intentionally left blank.]

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District.....	Waller County Municipal Utility District No. 37 (the "District"), a political subdivision of the State of Texas, is located in Waller County, Texas. See "THE DISTRICT."
The Bonds.....	The District is issuing \$5,785,000 Unlimited Tax Park Bonds, Series 2026 (the "Bonds"). The Bonds are dated August 1, 2026, and mature on September 1 in the years and in the amounts set forth on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (on or about August 18, 2026) (the "Date of Delivery"), and is payable on March 1 and September 1 of each year (each an "Interest Payment Date"), commencing March 1, 2027, until the earlier of maturity or redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds that mature on and after September 1, 2032, are subject to redemption, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – <i>Optional Redemption</i>." The Bonds maturing on September 1, 2028, through September 1, 2049, both inclusive, are serial bonds. The Bond maturing on September 1 in the year 2052 is a term bond (the "Term Bond") that is subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS – Redemption of the Bonds – <i>Mandatory Redemption</i>."
Book-Entry-Only System.....	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Authority for Issuance.....	The Bonds are issued by the District pursuant to the terms and conditions of a resolution authorizing the issuance of the Bonds (the "Bond Resolution"); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; an order of the Texas Commission on Environmental Quality (the "TCEQ"); and an election held in the District on May 1, 2021.

Short-Term Debt.....	In connection with the Bonds, the District has issued its \$3,290,000 Park Bond Anticipation Note, Series 2025 (the “BAN”), dated November 20, 2025. The BAN accrues interest at a rate of 4.65% per year (computed on the basis of a 365-day, for actual days elapsed) and matures on November 19, 2026. The District will use a portion of the proceeds from the sale of the Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developers for a portion of the improvements and related costs shown under “THE BONDS – Use and Distribution of Bond Proceeds.”
Source of Payment.....	The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Waller County, Texas; the City of Houston, Texas; nor any entity other than the District. See “THE BONDS – Source of Payment.” The District is authorized to levy separate taxes to pay debt service on bonds issued for the purpose of acquiring or constructing road facilities in the District (the “Road System”), and to pay debt service on bonds issued for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the “Utility System”), and to pay debt service on bonds issued for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the “Park System”); both such taxes are unlimited as to rate or amount.
Payment Record.....	The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness. See “THE BONDS – Payment Record.”
Outstanding Bonds.....	The District has previously issued three (3) series of unlimited tax bonds for Utility System purposes and two (2) series of unlimited tax bonds for Road System purposes. Of such series of bonds, \$34,270,000 principal amount will remain outstanding as of the Date of Delivery (the “Outstanding Bonds”). See “THE BONDS – Outstanding Bonds.”
Use of Proceeds.....	Proceeds from the sale of the Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developers (herein defined) for a portion of the improvements and related costs shown under “THE BONDS – Use and Distribution of Bond Proceeds.” Additionally, proceeds from the sale of the Bonds will be used to reimburse the Developers for the improvements and related costs that were not reimbursed by the BAN, to pay six (6) months of capitalized interest, BAN interest, developer interest, and other certain costs associated with the issuance of the Bonds. See “THE BONDS – Use and Distribution of Bond Proceeds.”
Qualified Tax-Exempt Obligations.....	The Bonds have been designated as “qualified tax-exempt obligations” for financial institutions.
Municipal Bond Insurance	Build America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND INSURANCE.”
Ratings	S&P Global Ratings (BAM Insured): “AA.” Moody’s Ratings (Underlying): “Baa3.” See “RATINGS.”
Bond Counsel	Allen Boone Humphries Robinson LLP, Houston, Texas.

Disclosure Counsel McCall, Parkhurst & Horton L.L.P., Houston, Texas.
 Financial Advisor Cedar Creek Municipal Advisors, LLC, Houston, Texas.

THE DISTRICT

Description..... The District was created by an order adopted by Harris-Waller Counties Municipal Utility District No. 4 (“MUD 4”) that divided the lands of MUD 4 into three resulting districts, including the creation of two new districts: the District and Harris-Waller Counties Municipal Utility District No. 5 (“MUD 5”).

MUD 4 was created by House Bill No. 4520, an act of the 86th Legislature, Regular Session, effective June 10, 2019, and codified as Chapter 8047 of the Special District Local Laws Code (the “Act”). Pursuant to the Act, MUD 4 adopted that Order Dividing District dated July 30, 2020, which resulted in the division of MUD 4 and the contemporaneous creation of the District and MUD 5.

The District includes approximately 410.07 acres of land and is located approximately 30 miles west of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas, and within the boundaries of Katy Independent School District.

The rights, powers, privileges, authority, and functions of the District are established by the general laws of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution; and the Act. See “THE DISTRICT.”

Sunterra..... The District is part of the development of Sunterra, a master-planned community that consists of approximately 2,303.88 total acres comprised of five municipal utility districts: the District, MUD 4, MUD 5, Harris County Municipal Utility District No. 569 (“MUD 569”), and Waller County Municipal Utility District No. 35 (“MUD 35”).

MUD 4, in its capacity as the “Regional District” for the Sunterra development, is the provider of regional water, wastewater, drainage facilities and regional arterial, collector, and thoroughfare roads (“Regional District Facilities”) to the 2,303.88-acre service area (“Service Area”) made up of lands within the District (410.07 acres), MUD 4 (140.29 acres), MUD 5 (489.32 acres), MUD 569 (568.04 acres), and MUD 35 (696.16 acres).

The District, MUD 4, MUD 5, MUD 569, and MUD 35 (the “Participants”) have entered into a Contract for Financing, Operation, and Maintenance of Regional Facilities with the Regional District. By execution of such contract, each Participant, including the District, is obligated to make contract payments to the Regional District in an amount sufficient to pay its pro rata share, based on the appraised valuation of a Participant, subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant, and any optional exemption or special value claimed by a landowner due to use for agriculture, open space, timberland or other similar uses, as a percentage of the total appraised valuation of all Participants, of debt service on bonds

issued by the Regional District to finance Regional District Facilities. To date, the Regional District has issued eight (8) series of contract revenue bonds for financing Regional District Facilities, as follows: \$12,480,000 Contract Revenue Bonds, Series 2022; \$10,400,000 Contract Revenue Road Bonds, Series 2022; \$14,250,000 Contract Revenue Bonds, Series 2023; \$16,085,000 Contract Revenue Road Bonds, Series 2023; \$15,770,000 Contract Revenue Bonds, Series 2024; \$16,395,000 Contract Revenue Road Bonds, Series 2024; \$17,425,000 Contract Revenue Bonds, Series 2025; and \$16,130,000 Contract Revenue Road Bonds, Series 2025. Additionally, the Regional District anticipates selling its \$26,255,000 Contract Revenue Bonds, Series 2026, and its \$5,380,000 Contract Revenue Road Bonds, Series 2026, in July 2026, with a closing date scheduled for August 25, 2026. See “THE BONDS – Issuance of Additional Debt” and “REGIONAL DISTRICT CONTRACT.”

Development within the District Approximately 362.66 acres (1,199 lots) in the District have been developed as the single-family residential subdivisions of Sunterra, Sections 14, 15, 16, 20, 22, 23, 24, 25, 28, 29, 30, 31, and 32. As of March 26, 2026, said subdivisions included approximately 1,129 completed homes (approximately 1,078 occupied and 51 unoccupied), approximately 7 homes under construction, and approximately 63 vacant developed lots. Such 362.66 acres include approximately 251.55 acres for developed lots and roadways and approximately 111.11 acres of reserves for detention ponds, open space, utilities, and easements.

Development has been completed for all single-family lots in the District, and the thirteen subdivisions referenced above include all the single-family lots on which homes have or will be constructed in the District. Outside of such subdivisions, the remainder of the lands within the District include approximately 10.59 acres for major thoroughfares and collector roads; approximately 0.26 acres for a lift station site; approximately 12.37 acres for detention ponds; approximately 19.24 acres owned by Katy Independent School District, on which construction of a school is planned; and approximately 4.95 acres planned for commercial development. See “DEVELOPMENT OF THE DISTRICT.”

Developers..... Astro Sunterra, L.P., a Delaware limited partnership (“Astro Sunterra”), is the primary developer of land in the District. Astro Sunterra was established by Mr. Al Brende and Starwood Land Astro Venture LP as a special purpose entity for the purpose of developing land and marketing developed land within the District. Starwood Land Astro Venture LP has entered into a management agreement with Land Tejas Companies, Ltd. for the purpose of managing the day-to-day development activities within the District.

Several tracts of land within the District have been developed by other developers. Astro Sunterra and such other developers are collectively referred to herein as the “Developers.” See “THE DEVELOPERS.”

Homebuilders within the District The homebuilders active within the District are Clayton Properties Group, LGI Homes, Davidson Homes, TriCoast Homes, DR Horton, Brohn Homes, Castlerock Communities, KB Homes, Westin Homes, and Chesmar Homes. Prices of new homes being constructed within

the District range from approximately \$265,000 to \$580,000 and range in size from approximately 1,400 to 4,000 square feet. See "THE DEVELOPERS – Homebuilders within the District."

INVESTMENT CONSIDERATIONS

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

[Remainder of this page intentionally left blank.]

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2025 Certified Taxable Assessed Valuation	\$ 377,314,313	(a)
2026 Preliminary Taxable Assessed Valuation.....	\$ 379,992,940	(b)
Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$ 401,396,447	(c)
Direct Debt:		
The Outstanding Bonds.....	\$ 34,270,000	
The Bonds	\$ 5,785,000	
Total.....	\$ 40,055,000	
Estimated Overlapping Debt	\$ 50,254,039	(d)
Total Direct and Estimated Overlapping Debt	\$ 90,309,039	(d)
Direct Debt Ratios:		
As a percentage of the 2025 Certified Taxable Assessed Valuation	10.62	%
As a percentage of the 2026 Preliminary Taxable Assessed Valuation	10.54	%
As a percentage of the Estimated Taxable Assessed Valuation as of April 1, 2026 ..	9.98	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2025 Certified Taxable Assessed Valuation	23.93	%
As a percentage of the 2026 Preliminary Taxable Assessed Valuation	23.77	%
As a percentage of the Estimated Taxable Assessed Valuation as of April 1, 2026 ..	22.50	%
Road Debt Service Fund Balance (as of June 11, 2026)	\$ 1,108,528	(e)
Utility Debt Service Fund Balance (as of June 11, 2026)	\$ 1,519,935	(f)
General Fund Balance (as of June 11, 2026)	\$ 1,826,863	
Utility Capital Projects Fund Balance (as of June 11, 2026).....	\$ 811	
Road Capital Projects Fund Balance (as of June 11, 2026).....	\$ 2,612	

-
- (a) Represents the taxable assessed valuation as of January 1, 2025, of all taxable property in the District, as provided by the Waller County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES" and "TAX DATA."
- (b) Provided by the Appraisal District as the preliminary value as of January 1, 2026. This value represents the preliminary determination of the taxable value in the District as of January 1, 2026, provided by the Appraisal District. No taxes will be levied on this preliminary value, which is subject to review and downward adjustment. See "TAX DATA" and "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of April 1, 2026, and includes an estimate of additional taxable value resulting from the construction of taxable improvements within the District from January 1, 2025, to April 1, 2026. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."
- (d) Includes the District's share of Contract Revenue Bonds and Contract Revenue Road Bonds issued by the Regional District (herein defined). Includes the Regional District's \$26,255,000 Contract Revenue Bonds, Series 2026 and the \$5,380,000 Contract Revenue Road Bonds, Series 2026, which are scheduled to sell on July 16, 2026, and close on or about August 25, 2026. See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement" and "REGIONAL DISTRICT CONTRACT."
- (e) Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Road Debt Service Fund (herein defined). Funds in the Road Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined) or the Park System (herein defined), including the Bonds.
- (f) Does not include six (6) months of capitalized interest on the Bonds to be deposited into the District's Utility Debt Service Fund (herein defined) upon closing and delivery of the Bonds, which includes funds to pay debt service on bonds issued for the Park System (herein defined), including the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility Debt Service Fund. Funds in the Utility Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2025 Tax Rate per \$100 of taxable assessed valuation		
Utility Debt Service	\$	0.37
Road Debt Service		0.24
Contract.....		0.49 (a)
Maintenance and Operations		<u>0.40</u>
Total	\$	1.50
Average Annual Debt Service Requirement (2026–2052)	\$	2,446,751 (b)
Maximum Annual Debt Service Requirement (2049).....	\$	2,756,519 (b)
Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay		
Average Annual Debt Service Requirement (2026–2052) at 95% Tax Collections:		
Based on the 2025 Certified Taxable Assessed Valuation.....	\$	0.69
Based on 2026 Preliminary Taxable Assessed Valuation.....	\$	0.68
Based on the Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$	0.65
Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay		
Maximum Annual Debt Service Requirement (2049) at 95% Tax Collections:		
Based on the 2025 Certified Taxable Assessed Valuation.....	\$	0.77
Based on 2026 Preliminary Taxable Assessed Valuation.....	\$	0.77
Based on the Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$	0.73
Single-Family Homes (including 7 under construction) as of March 26, 2026		1,236

(a) Tax revenues from the District's levy of a contract tax rate are used by the District to make payments to the Regional District for the District's share of debt service for contract revenue bonds issued by the Regional District for Regional District Facilities, including the Outstanding Regional District Contract Revenue Bonds (herein defined). The Regional District anticipates selling its \$26,255,000 Contract Revenue Bonds, Series 2026 and its \$5,380,000 Contract Revenue Road Bonds, Series 2026, in July 2026, with a closing date scheduled for August 25, 2026. See "THE BONDS – Issuance of Additional Debt" and "REGIONAL DISTRICT CONTRACT."

(b) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements Schedule."

WALLER COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

**\$5,785,000
Unlimited Tax Park Bonds
Series 2026**

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Waller County Municipal Utility District No. 37 (the “District”) of its \$5,785,000 Unlimited Tax Park Bonds, Series 2026 (the “Bonds”).

The Bonds are issued by the District pursuant to the terms and conditions of a resolution authorizing the issuance of the Bonds (the “Bond Resolution”); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; an order of the Texas Commission on Environmental Quality (the “TCEQ”); and an election held in the District on May 1, 2021.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolution.

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

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 Resolution. A copy of the Bond Resolution may be obtained from the District upon written request made to the District’s Bond Counsel, Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated August 1, 2026 (the “Dated Date”), and will accrue interest from the initial date of delivery, which is expected to be on or about August 18, 2026 (the “Date of Delivery”), with interest payable March 1, 2027, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. The Bonds are fully-registered bonds maturing on September 1 of the years shown under “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS” on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying

Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the “Record Date”) or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder.

The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption

Bonds maturing on September 1, 2032, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bond maturing on September 1 in the year 2052 is a term bond (the "Term Bond"), and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

<u>\$1,095,000 Terms Bond Maturing on September 1, 2052</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2050	\$ 350,000
September 1, 2051	\$ 365,000
September 1, 2052 (Maturity)	\$ 380,000

On or before thirty (30) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of the Term Bond to be mandatorily redeemed on such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this section.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The Bonds are issued pursuant to an order of the TCEQ; Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; the Bond Resolution; and an election held within the District.

Issuance of Additional Debt

At an election held within the District on May 1, 2021, voters of the District authorized the District's issuance of the following: \$40,545,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System"); \$12,164,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Park System; \$122,760,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System"); \$36,828,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; \$117,145,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"); and \$35,144,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds represent the District's first issuance of unlimited tax bonds for the purpose of acquiring or constructing the Park System. Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$34,760,000 for the purpose of acquiring or constructing the Park System; \$12,164,000 for the purpose of refunding bonds issued by the District for the Park System; \$101,770,000 for the purpose of acquiring or constructing the Utility System; \$36,828,000 for the purpose of refunding bonds issued by the District for the Utility System; \$103,655,000 for the purpose of acquiring or constructing the Road System; and \$35,144,000 for the purpose of refunding bonds issued by the District for the Road System.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds issued for the Utility System or for the Park System, approved by the TCEQ).

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. The Board of Directors has not considered adoption of a fire plan or calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt-property ratios and might adversely affect the investment security of the Bonds.

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

Outstanding Bonds

The District has previously issued three (3) series of unlimited tax bonds for Utility System purposes and two (2) series of unlimited tax bonds for Road System purposes. Of such series of bonds, \$34,270,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Bonds").

Payment Record

The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District, without legal limitation as to rate or amount. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, fees of the Paying Agent/Registrar and fees of appraisal district. Tax proceeds, after deduction for collection costs, will be placed in the Utility Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Utility System, and additional bonds payable from taxes which may be issued, and Paying Agent/Registrar fees.

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

Funds

The Bond Resolution confirms the District's debt service fund for payment of debt service on the Bonds and any other bonds issued by the District for the purpose of acquiring or constructing the Park System and the Utility System, or for the purpose of refunding such bonds (the "Utility Debt Service Fund"). Six (6) months of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Utility Debt Service Fund. The Utility Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the bonds issued by the District for the Park System, including the Bonds, and the Utility System, and any additional bonds issued by the District for the Park System and the Utility System, is to be kept separate from all other funds of the District and is to be used only for payment of such bonds. Amounts on deposit in the Utility Debt Service Fund may also be used for the following, to the extent applicable to the bonds issued by the District for the Park System, including the Bonds, and the Utility System, and any additional bonds issued by the District for the Park System and the Utility System: to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of principal of and interest on bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

The proceeds from all taxes levied and collected for payment of debt service on bonds issued by the District for the Park System, including the Bonds, and the Utility System, and any additional bonds issued by the District for the Park System and the Utility System will also be deposited into the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are available only to pay debt service on the bonds issued by the District for the Park System, including the Bonds, and the Utility System, and any additional bonds issued by the District for the Park System and the Utility System and are not available to pay debt service on the bonds issued by the District for the Road System (herein defined) or any additional bonds issued by the District for the Road System.

The District also maintains a debt service fund for payment of debt service on bonds issued by the District for the purpose of acquiring or constructing the Road System, or for the purpose of refunding such bonds (the "Road Debt Service Fund"). Funds in the Road Debt Service Fund are available only to pay debt service on the bonds issued by the District for the Road System and any additional bonds issued by the District for the Road System and are not available to pay debt service on the bonds issued by the District for the Park System, including the Bonds, and the Utility System, or any additional bonds issued by the District for the Park System and the Utility System.

Short-Term Debt

In connection with the Bonds, the District has issued its \$3,290,000 Park Bond Anticipation Note, Series 2025 (the “BAN”), dated November 20, 2025. The BAN accrues interest at a rate of 4.65% per year (computed on the basis of a 365-day, for actual days elapsed) and matures on November 19, 2026. The District will use a portion of the proceeds from the sale of the Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developers for a portion of the improvements and related costs shown under “THE BONDS – Use and Distribution of Bond Proceeds.”

Annexation

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

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

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.

No Arbitrage

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

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

[Remainder of this page intentionally left blank.]

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developers for a portion of the improvements and related costs shown below. Additionally, proceeds from the sale of the Bonds will be used to reimburse the Developers for the improvements and related costs that were not reimbursed by the BAN, to pay six (6) months of capitalized interest, BAN interest, developer interest, and other certain costs associated with the issuance of the Bonds.

CONSTRUCTION COSTS	Amount
A. Developer Contribution Items	
1. Sunterra Section 14-16 – Landscape & Irrigation	\$ 872,243
2. Sunterra Section 28 – Landscape, Hardscape, and Irrigation	251,378
3. Sunterra Section 29 – Landscape, Hardscape, and Irrigation	483,254
4. Sunterra Shores Landscape Reserve in front of Drill Site	135,296
5. Sunterra Section 22 – Landscape, Hardscape, and Irrigation	189,767
6. Sunterra Section 23 – Landscape, Hardscape, and Irrigation	282,351
7. Land Costs	1,158,629
8. Engineering	<u>896,042</u>
Total Developer Contribution Items	\$ 4,268,959
B. District Items	
1. None	<u>-</u>
Total District Items	\$ -
Total Construction Costs	\$ 4,268,959
 NON-CONSTRUCTION COSTS	
A. Legal Fees	\$ 155,700
B. Fiscal Agent Fees	115,700
C. Interest	
1. Capitalized Interest (6 Months)	131,925
2. Developer Interest	508,693
3. BAN Interest (12 Months)	113,586
D. Bond Discount	170,854
E. Bond Issuance Expenses	33,411
F. BAN Issuance Expenses	85,869
G. Bond Application Report Costs	76,000
H. Attorney General's Fee	5,785
I. TCEQ Bond Issuance Fee (0.25%)	14,463
J. Contingency (a)	<u>104,055</u>
Total Non-Construction Costs	\$ 1,516,041
TOTAL BOND ISSUE REQUIREMENT	\$ 5,785,000

(a) Represents the difference between the estimated and actual amounts of Capitalized Interest, BAN Interest, Bond Discount, and BAN Issuance Expenses.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas; Waller County, Texas; the City; or any political subdivision other than the District, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See “DEVELOPMENT OF THE DISTRICT,” “TAX DATA,” and “TAXING PROCEDURES.”

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowner/Developers: There is no commitment by or legal requirement of the Developers or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See “DEVELOPMENT OF THE DISTRICT,” “THE DEVELOPERS,” and “TAX DATA – Principal Taxpayers.”

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption “TAX DATA – Principal Taxpayers,” the District's top ten principal taxpayers owned property located within the District the aggregate assessed valuation of which comprised approximately 2.89% of the District's total 2025 Certified Taxable Assessed Valuation. In the event that the Developers, homebuilders, any principal taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See “TAX DATA – Principal Taxpayers” and “TAXING PROCEDURES – Levy and Collection of Taxes.”

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation of the District as of January 1, 2025, is \$377,314,313, the preliminary taxable assessed valuation of the District as of January 1, 2026, is \$379,992,940, and the estimate of value as of April 1, 2026, is \$401,396,447. After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be \$2,756,519 (2049) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be \$2,446,751 (2026–2052).

Assuming no increase to nor decrease from the 2025 Certified Taxable Assessed Valuation, tax rates of \$0.77 and \$0.69 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no

increase to nor decrease from the 2026 Preliminary Taxable Assessed Valuation, tax rates of \$0.77 and \$0.68 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no increase to nor decrease from the Estimated Taxable Assessed Valuation as of April 1, 2026 tax rates of \$0.73 and \$0.65 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2025 tax year, the District levied a total tax rate of \$1.50 per \$100 of taxable assessed valuation, of which \$0.37 per \$100 of taxable assessed valuation is allocated to utility debt service, \$0.24 per \$100 of taxable assessed valuation is allocated to road debt service, \$0.49 per \$100 of taxable assessed valuation is allocated to a contract tax, and \$0.40 per \$100 of taxable assessed valuation is allocated to maintenance and operations. Upon closing and delivery of the Bonds, six (6) months of capitalized interest on the Bonds will be deposited into the District's Utility Debt Service Fund.

Competitive Nature of Residential Housing Market

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

Vacant Developed Lots

As of March 26, 2026, there were approximately 63 vacant developed lots within the completed subdivisions in the District. The District makes no representation as to when or if such lots will be sold to homebuilders or whether homes will be constructed on such lots. See "DEVELOPMENT OF THE DISTRICT."

Increases 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 Participant. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the developers or homebuilders.

Tax Collection Limitations

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

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

Registered Owners' Remedies and Bankruptcy

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

Bankruptcy Limitation to Registered Owners' Rights

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

Future Debt

District Bonds: At an election held on May 1, 2021, voters of the District authorized the issuance of \$40,545,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System. The Bonds represent the District's first issuance of bonds from such voted authorization, and following the issuance of the Bonds, \$34,760,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System will remain authorized but unissued.

At an election held within the District on May 1, 2021, voters of the District authorized the District's issuance of \$122,760,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System. To date, the District has issued three (3) series of bonds from such voted authorization, and \$101,770,00 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System remains authorized but unissued.

At an election held within the District on May 1, 2021, voters of the District authorized the District's issuance of \$117,145,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System. To date, the District has issued two (2) series of bonds from such voted authorization, and \$103,655,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System remains authorized but unissued.

Additionally, voters in the District authorized the issuance of \$36,828,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; \$35,144,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System; and \$12,164,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for acquiring or constructing parks and recreational facilities in the District. To date, the District has issued no bonds from such voted authorizations.

In the Bond Resolution, the District reserves the right to issue the authorized but unissued bonds noted above and any additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution having been authorized by the voters of the District, may be issued by the District from time to time as needed.

Following the reimbursement with the proceeds of the Bonds, the District will owe the Developers approximately \$3,867,633 for expenditures to construct the Utility System, Road System, and Park System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District's issuance of bonds for the purpose of acquiring or constructing the Utility System and for acquiring or constructing the Park System is subject to approval by the TCEQ. Further, the principal amount of bonds issued to finance parks and recreational facilities may not exceed 1% of the District's assessed value; however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not greater than 3% of the value of taxable property in the District.

Regional District Bonds: The District is part of the development of Sunterra, a master-planned community that consists of approximately 2,303.88 total acres comprised of five municipal utility districts: the District, Harris-Waller Counties Municipal Utility District No. 4 ("MUD 4"), Harris-Waller Counties Municipal Utility District No. 5 ("MUD 5"), Harris County Municipal Utility District No. 569 ("MUD 569"), and Waller County Municipal Utility District No. 35 ("MUD 35").

MUD 4, in its capacity as the "Regional District" for the Sunterra development, is the provider of regional water, wastewater, drainage facilities and regional arterial, collector, and thoroughfare roads ("Regional District Facilities") to the 2,303.88-acre service area ("Service Area") made up of lands within the District (410.07 acres), MUD 4 (140.29 acres), MUD 5 (489.32 acres), MUD 569 (568.04 acres), and MUD 35 (696.16 acres).

The District, MUD 4, MUD 5, MUD 569, and MUD 35 (the "Participants") have each entered into a Contract for Financing, Operation, and Maintenance of Regional Facilities with the Regional District (the "Regional District Contract"). Among other terms and provisions, the Regional District Contract authorizes the Regional District to issue contract revenue bonds sufficient to complete the acquisition and construction of the Regional District Facilities required to serve the Service Area. By execution of the Regional District Contract, each Participant, including the District, is obligated to make contract payments to the Regional District (the "Contract Payment") in an amount sufficient to pay its pro rata share, which share is based upon the appraised valuation subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant, and any optional exemption or special value claimed by a landowner due to use for agricultural, open space, timberland, or other similar uses (the "Gross Certified Assessed Valuation") of each Participant as a percentage of the Gross Certified Assessed Valuation of all Participants, of debt service on bonds issued by the Regional District to finance Regional District Facilities. No Participant is liable for the payments owed by any other Participant; however, failure of any Participant to make its Contract Payment, as required by the Regional District Contract, could result in an increase in the Contract Payment amount paid by each of the

Participants during the time that such Participant's payment is delinquent, as the Participants would have to replenish its respective coverage in the Regional District debt service fund.

To date, the Regional District has issued eight (8) series of contract revenue bonds for financing Regional District Facilities, as follows: \$12,480,000 Contract Revenue Bonds, Series 2022; \$10,400,000 Contract Revenue Road Bonds, Series 2022; \$14,250,000 Contract Revenue Bonds, Series 2023; \$16,085,000 Contract Revenue Road Bonds, Series 2023; \$15,770,000 Contract Revenue Bonds, Series 2024; \$16,395,000 Contract Revenue Road Bonds, Series 2024; \$17,425,000 Contract Revenue Bonds, Series 2025; and \$16,135,000 Contract Revenue Road Bonds, Series 2025 (collectively, the "Outstanding Regional District Contract Revenue Bonds"). Additionally, the Regional District anticipates selling its \$26,255,000 Contract Revenue Bonds, Series 2026 and \$5,380,000 Contract Revenue Road Bonds, Series 2026 in July 2026, with a closing date scheduled for August 25, 2026. See "REGIONAL DISTRICT CONTRACT" herein for further information.

Currently, the Regional District owes Astro Sunterra approximately \$54,217,744 for reimbursable expenditures made by Astro Sunterra to construct the Regional District Facilities.

Operational Expenses

The District is obligated to pay monthly charges to the Regional District for its share of the Regional District's operation and maintenance expenses in connection with the Regional District's provision of service to the Service Area from the Regional District Facilities. The monthly charges paid by the District to the Regional District will be used to pay the District's share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. The District's share of operation and maintenance expenses and reserve requirements is based upon a "unit cost" of operation and maintenance expense and reserve requirements, calculated by the Regional District and expressed in terms of "cost per equivalent single-family residential connection." See "REGIONAL DISTRICT CONTRACT" herein.

Environmental Regulations

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

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

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

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

the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

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

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

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

National Weather Service Atlas Rainfall Study

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

property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Potential Impact of Natural Disaster

The District is located approximately 75 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value in the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District are adversely affected.

Marketability

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

Continuing Compliance with Certain Covenants

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

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 may be limited.

Bond Insurance Risk Factors

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

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

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

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

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

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

THE DISTRICT

Authority

The District was created by an order adopted by MUD 4 dated July 30, 2020, that divided the lands of MUD 4 into three resulting districts, including the creation of two new districts: the District and MUD 5.

MUD 4 was created by House Bill No. 4520, an act of the 86th Legislature, Regular Session, effective June 10, 2019, and codified as Chapter 8047 of the Special District Local Laws Code (the "Act"). Pursuant to the Act, MUD 4 adopted that Order Dividing District, which resulted in the division of MUD 4 and the contemporaneous creation of the District and MUD 5.

The District operates under the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, applicable to municipal utility districts created under Section 59, Article XVI of the Texas Constitution and is authorized to construct and finance road projects as provided under Section 52, Article III of the Texas Constitution.

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

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

Description

The District includes approximately 410.07 acres of land and is located approximately 30 miles west of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas, and within the boundaries of Katy Independent School District.

The District is part of the development of Sunterra, a master-planned community that consists of approximately 2,303.88 total acres comprised of five municipal utility districts: the District, MUD 4, MUD 5, MUD 569, and MUD 35. Development activity is currently ongoing in all five districts.

Management of the District

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

Name	Title	Term Expires May
John Smith	President	2030
Joe Fields	Vice President	2030
Brian Welch	Secretary	2028
Leigh Ellis III	Assistant Secretary	2028
David Moriniere	Assistant Vice President	2028

Investment Policy

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

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the District is Bob Leared Interests.

Bookkeeper: The District’s bookkeeper is Myrtle Cruz, Inc.

Utility System Operator: Municipal District Services, LLC is the operator of the Utility System.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual audited financial statements are filed with the TCEQ. The District engaged McGrath & Co., PLLC as its auditor for the fiscal year ended April 30, 2025, which audited financial statements are attached hereto as “APPENDIX A.” McGrath & Co., PLLC has been engaged by the District to conduct the audit of the District’s financial statements for the fiscal year ended April 30, 2026.

Engineer: The District’s engineer is Quiddity Engineering Inc. (the “Engineer”).

Attorney: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees to be paid to Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See “LEGAL MATTERS.”

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

Financial Advisor: Cedar Creek Municipal Advisors, LLC serves as financial advisor (“Financial Advisor”) to the District in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

[Remainder of this page intentionally left blank.]

General Fund Operating Statement

The following is a summary of the District's operating fund activity. The figures below have been prepared based upon information obtained from the District's audited financial statements for the fiscal year ended April 30, 2022, through April 30, 2025, and unaudited financials for the fiscal year ended April 30, 2026 provided by the District's Bookkeeper. See "APPENDIX A."

	2026 (a)	2025	Fiscal Year Ended April 30,		
			2024	2023	2022
<u>Revenues</u>					
Water Service	\$ 1,095,753	\$ 884,011	\$ 558,631	\$ 61,064	\$ -
Sewer Service	605,438	516,369	230,410	20,627	-
Property Taxes	1,485,741	1,155,153	810,359	279,516	121,588
Penalties and Interest	22,603	26,481	23,346	1,316	-
Tap Connection and Inspection	127,498	506,102	1,352,314	614,815	-
Miscellaneous	19,345	47,471	32,506	915	-
Investment Earnings	<u>51,077</u>	<u>41,116</u>	<u>12,124</u>	<u>459</u>	<u>-</u>
Total Revenues	\$ 3,407,455	\$ 3,176,703	\$ 3,019,690	\$ 978,712	\$ 121,588
<u>Expenditures</u>					
Purchased Services					
Professional Fees	\$ 172,943	\$ 125,355	\$ 138,787	\$ 180,814	\$ 89,435
Contracted Services	611,800	467,408	829,692	343,083	19,253
Repairs and Maintenance	153,782	182,905	220,355	20,522	-
Administrative	19,932	25,911	22,013	18,529	19,017
Other	10,877	163	101	1,404	220
Capital Outlay	-	188,409	-	-	-
<u>Intergovernmental</u>					
Master District Connection Fees	2,081,568	1,527,657	983,323	205,743	-
Maintenance Charges	202,496	289,617	206,956	65,516	-
Contractual Obligations	<u>-</u>	<u>-</u>	<u>42,633</u>	<u>31,028</u>	<u>-</u>
Total Expenditures	\$ 3,253,397	\$ 2,807,425	\$ 2,443,860	\$ 866,639	\$ 127,925
Revenues Excess (Deficiency)	\$ 154,058	\$ 369,278	\$ 575,830	\$ 112,073	\$ (6,337)
Developer Advances	\$ -	\$ -	\$ -	\$ -	\$ 37,500
Internal Transfers	\$ -	\$ (5,000)	\$ 61,000	\$ -	\$ -
Net Change in Fund Balance	\$ 154,058	\$ 364,278	\$ 636,830	\$ 112,073	\$ 31,163
Beginning Fund Balance	\$ 1,117,241	\$ 752,963	\$ 116,133	\$ 4,060	\$ (27,103)
Ending Fund Balance	\$ 1,271,299	\$ 1,117,241	\$ 752,963	\$ 116,133	\$ 4,060

(a) Unaudited figures provided by the Bookkeeper from May 1, 2025 to April 30, 2026.

DEVELOPMENT OF THE DISTRICT

Approximately 362.66 acres (1,199 lots) in the District have been developed as the single-family residential subdivisions of Sunterra, Sections 14, 15, 16, 20, 22, 23, 24, 25, 28, 29, 30, 31, and 32. As of March 26, 2026, said subdivisions included approximately 1,129 completed homes (approximately 1,078 occupied and 51 unoccupied), approximately 7 homes under construction, and approximately 63 vacant developed lots. Such 362.66 acres include approximately 251.55 acres for developed lots and roadways and approximately 111.11 acres of reserves for detention ponds, open space, utilities, and easements.

Development has been completed for all single-family lots in the District, and the thirteen subdivisions referenced above include all the single-family lots on which homes have or will be constructed in the District. Outside of such subdivisions, the remainder of the lands within the District include approximately 10.59 acres for major thoroughfares and collector roads; approximately 0.26 acres for a lift station site; approximately 12.37 acres for detention ponds; approximately 19.24 acres owned by Katy Independent School District, on which construction of a school is planned; and approximately 4.95 acres planned for commercial development.

Status of Development within the District

The table below summarizes the status of development and land use within the District as of March 26, 2026:

Subdivision	Section Acreage	Section Lots	Homes Completed	Homes Construction	Vacant Lots
Sunterra, Section 14	17.86	91	91	0	0
Sunterra, Section 15	16.60	79	80	0	0
Sunterra, Section 16	39.25	79	78	0	0
Sunterra, Section 20	7.48	32	32	0	0
Sunterra, Section 22	43.56	53	32	0	21
Sunterra, Section 23	22.05	57	57	0	0
Sunterra, Section 24	26.73	112	112	0	0
Sunterra, Section 25	31.78	125	101	4	20
Sunterra, Section 28	24.90	139	139	0	0
Sunterra, Section 29	48.10	163	143	3	17
Sunterra, Section 30	44.29	96	91	0	5
Sunterra, Section 31	16.22	73	73	0	0
Sunterra, Section 32	23.84	100	100	0	0
Totals	362.66	1,199	1,129	7	63
Single-Family Developed (a)	362.66				
Major Thoroughfare & Collector Roads	10.59				
Lift Station Site	0.26				
Detention Ponds	12.37				
School Site	19.24				
Commercial Site	<u>4.95</u>				
District Total	410.07				

(a) Such 362.66 acres include 251.55 acres for developed lots and roadways and approximately 111.11 acres of reserves for detention ponds, open space, utilities, and easements.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(June 2026)



THE DEVELOPERS

Role of the Developer

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

Developers

The original developer in the District was Katy 1039, Ltd. (the "Original Developer"), a Texas limited partnership and single purpose entity created by Land Tejas Companies, Ltd. solely for the purpose of developing the land located within the District. The General Partner of the Original Developer is L.T. Management, Inc., whose president is Mr. Al P. Brende. Mr. Brende is also the President of Land Tejas Companies, Ltd.

In December 2021, the Original Developer sold its interest in the project located in the District to Astro Sunterra, L.P., a Delaware limited partnership ("Astro Sunterra"), which is the current primary developer of land in the District. Astro Sunterra was established by Mr. Al Brende and Starwood Land Astro Venture LP as a special purpose entity for the purpose of developing land and marketing developed land within the District. Starwood Land Astro Venture LP has entered into a management agreement with Land Tejas Companies, Ltd. for the purpose of managing the day-to-day development activities within the District.

Astro Sunterra has completed development of all its lands in the District. Approximately 254.94 acres have been developed within the subdivisions of Sunterra, Sections 14, 15, 16, 23, 24, 29, 30, 31, and 32. Such subdivisions include 850 single-family lots.

According to Astro Sunterra, the primary assets of Astro Sunterra consist of its land in the Service Area and reimbursements due from the Participants, including the District, and the Regional District. Further, according to Astro Sunterra, it is currently operating with a net income, with its income comprised almost entirely of revenues from the sale of real estate.

HMH Sunterra Land, LLC, a Texas limited liability company ("HMH Sunterra"), has completed development of Sunterra, Sections 20 and 22, and Brohn Homes, an affiliate of HMH Sunterra, is the homebuilder in the two subdivisions.

BC Sunterra, L.L.C., a Texas limited liability company ("BC Sunterra"), has completed development of Sunterra, Section 25, which includes 125 developed lots. BC Sunterra is affiliated with Davidson Homes, a privately owned homebuilder active in communities located in Texas and throughout the southeastern United States. Davidson Homes is the homebuilder for Sunterra, Section 25.

Astro Sunterra, HMH Sunterra, and BC Sunterra are collectively referred to herein as the "Developers."

Developer Financing

Astro Sunterra has obtained financing for a portion of the development of Sunterra through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued \$164,990,000 Special Revenue Bonds, Series 2024 (the "PFA Bonds"), which are secured in part by the sale and assignment of Astro Sunterra's right to receive proceeds from the future sale of unlimited tax bonds issued by the District. According to Astro Sunterra, they

are currently in compliance with all material representations and certifications made with respect to the PFA Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See “INVESTMENT CONSIDERATIONS – Approval of the Bonds.”

Homebuilders within the District

The homebuilders active within the District are Clayton Properties Group, LGI Homes, Davidson Homes, TriCoast Homes, DR Horton, Brohn Homes, Castlerock Communities, KB Homes, Westin Homes, and Chesmar Homes. Prices of new homes being constructed within the District range from approximately \$265,000 to \$580,000 and range in size from approximately 1,400 to 4,000 square feet.

[Remainder of this page intentionally left blank.]

DISTRICT DEBT

Debt Service Requirements Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds and the principal and interest requirement on the Bonds. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service	Plus: The Bonds			Total Debt Service
		Principal	Interest	Debt Service	
2026	\$ 1,425,459	\$ -	\$ -	\$ -	\$ 1,425,459
2027	2,296,781	-	273,378	273,378	2,570,159
2028	2,283,594	125,000	263,850	388,850	2,672,444
2029	2,278,344	130,000	255,725	385,725	2,664,069
2030	2,255,344	140,000	247,275	387,275	2,642,619
2031	2,250,481	145,000	238,175	383,175	2,633,656
2032	2,248,919	150,000	228,750	378,750	2,627,669
2033	2,249,406	160,000	219,000	379,000	2,628,406
2034	2,247,881	165,000	208,600	373,600	2,621,481
2035	2,257,381	175,000	197,875	372,875	2,630,256
2036	2,259,631	180,000	190,875	370,875	2,630,506
2037	2,274,781	190,000	183,675	373,675	2,648,456
2038	2,282,181	200,000	176,075	376,075	2,658,256
2039	2,287,194	210,000	168,075	378,075	2,665,269
2040	2,294,463	220,000	159,675	379,675	2,674,138
2041	2,298,763	230,000	150,875	380,875	2,679,638
2042	2,310,300	240,000	141,675	381,675	2,691,975
2043	2,308,394	250,000	132,075	382,075	2,690,469
2044	2,313,125	265,000	122,075	387,075	2,700,200
2045	2,334,344	275,000	111,475	386,475	2,720,819
2046	2,336,206	290,000	100,475	390,475	2,726,681
2047	2,344,169	305,000	88,875	393,875	2,738,044
2048	2,353,244	315,000	76,294	391,294	2,744,538
2049	2,363,219	330,000	63,300	393,300	2,756,519
2050	1,663,844	350,000	49,275	399,275	2,063,119
2051	361,819	365,000	33,525	398,525	760,344
2052	-	380,000	17,100	397,100	397,100
Total	\$56,179,266	\$ 5,785,000	\$ 4,098,022	\$ 9,883,022	\$66,062,287

Average Annual Debt Service Requirement (2026–2052) \$2,446,751

Maximum Annual Debt Service Requirement (2049)..... \$2,756,519

[Remainder of this page intentionally left blank.]

Bonded Indebtedness

2025 Certified Taxable Assessed Valuation	\$ 377,314,313	(a)
2026 Preliminary Taxable Assessed Valuation.....	\$ 379,992,940	(b)
Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$ 401,396,447	(c)
Direct Debt:		
The Outstanding Bonds.....	\$ 34,270,000	
The Bonds	<u>\$ 5,785,000</u>	
Total.....	\$ 40,055,000	
Estimated Overlapping Debt	<u>\$ 50,254,039</u>	(d)
Total Direct and Estimated Overlapping Debt	\$ 90,309,039	(d)
Direct Debt Ratios:		
As a percentage of the 2025 Certified Taxable Assessed Valuation	10.62	%
As a percentage of the 2026 Preliminary Taxable Assessed Valuation.....	10.54	%
As a percentage of the Estimated Taxable Assessed Valuation as of April 1, 2026 ..	9.98	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2025 Certified Taxable Assessed Valuation	23.93	%
As a percentage of the 2026 Preliminary Taxable Assessed Valuation.....	23.77	%
As a percentage of the Estimated Taxable Assessed Valuation as of April 1, 2026 ..	22.50	%
Road Debt Service Fund Balance (as of June 11, 2026)	\$ 1,108,528	(e)
Utility Debt Service Fund Balance (as of June 11, 2026)	\$ 1,519,935	(f)
General Fund Balance (as of June 11, 2026)	\$ 1,826,863	
Utility Capital Projects Fund Balance (as of June 11, 2026).....	\$ 811	
Road Capital Projects Fund Balance (as of June 11, 2026).....	\$ 2,612	

-
- (a) Represents the taxable assessed valuation as of January 1, 2025, of all taxable property in the District, as provided by the Waller County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES" and "TAX DATA."
- (b) Provided by the Appraisal District as the preliminary value as of January 1, 2026. This value represents the preliminary determination of the taxable value in the District as of January 1, 2026, provided by the Appraisal District. No taxes will be levied on this preliminary value, which is subject to review and downward adjustment. See "TAX DATA" and "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for information purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of April 1, 2026, and includes an estimate of additional taxable value resulting from the construction of taxable improvements within the District from January 1, 2025, to April 1, 2026. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."
- (d) Includes the District's share of Contract Revenue Bonds and Contract Revenue Road Bonds issued by the Regional District. Includes the Regional District's \$26,255,000 Contract Revenue Bonds, Series 2026 and the \$5,380,000 Contract Revenue Road Bonds, Series 2026, which are scheduled to sell on July 16, 2026, and close on or about August 25, 2026. See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement" and "REGIONAL DISTRICT CONTRACT."
- (e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund. Funds in the Road Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System or the Park System, including the Bonds.
- (f) Does not include six (6) months of capitalized interest on the Bonds to be deposited into the District's Utility Debt Service Fund upon closing and delivery of the Bonds, which includes funds to pay debt service on bonds issued for the Park System, including the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility Debt Service Fund. Funds in the Utility Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System.

2025 Tax Rate per \$100 of taxable assessed valuation		
Utility Debt Service	\$	0.37
Road Debt Service		0.24
Contract.....		0.49 (a)
Maintenance and Operations		<u>0.40</u>
Total	\$	1.50
Average Annual Debt Service Requirement (2026–2052)	\$	2,446,751 (b)
Maximum Annual Debt Service Requirement (2049).....	\$	2,756,519 (b)
Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay		
Average Annual Debt Service Requirement (2026–2052) at 95% Tax Collections:		
Based on the 2025 Certified Taxable Assessed Valuation.....	\$	0.69
Based on 2026 Preliminary Taxable Assessed Valuation.....	\$	0.68
Based on the Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$	0.65
Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay		
Maximum Annual Debt Service Requirement (2049) at 95% Tax Collections:		
Based on the 2025 Certified Taxable Assessed Valuation.....	\$	0.77
Based on 2026 Preliminary Taxable Assessed Valuation.....	\$	0.77
Based on the Estimated Taxable Assessed Valuation as of April 1, 2026.....	\$	0.73
Single-Family Homes (including 7 under construction) as of March 26, 2026		1,236

-
- (a) Tax revenues from the District's levy of a contract tax rate are used by the District to make payments to the Regional District for the District's share of debt service for contract revenue bonds issued by the Regional District for Regional District Facilities, including the Outstanding Regional District Contract Revenue Bonds. The Regional District anticipates selling its \$26,255,000 Contract Revenue Bonds, Series 2026 and its \$5,380,000 Contract Revenue Road Bonds, Series 2026, in July 2026, with a closing date scheduled for August 25, 2026. See "THE BONDS – Issuance of Additional Debt" and "REGIONAL DISTRICT CONTRACT."
- (b) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements Schedule."

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt May 31, 2026	Overlapping	
		Percent	Amount
Waller County	\$ 169,535,000	2.54%	\$ 4,274,155
Katy Independent School District	2,514,530,000	0.65%	16,268,166
Harris-Waller Counties MUD No. 4 (a)	149,000,000	19.94%	<u>29,711,718</u>
Total Estimated Overlapping Debt			\$ 50,254,039
The District (b).....			<u>\$ 40,055,000</u>
Total Direct & Estimated Overlapping Debt (b).....			\$ 90,309,039

(a) The \$149,000,000 outstanding debt of Harris-Waller Counties MUD No. 4 is comprised of the Outstanding Regional District Contract Revenue Bonds. Additionally, the \$149,000,000 principal amount includes the Regional District's \$26,255,000 Contract Revenue Bonds, Series 2026, and \$5,380,000 Contract Revenue Road Bonds, Series 2026, which are anticipated to sell in July 2026, with a closing date scheduled for August 25, 2026. The District's 19.94% share of such debt is based on the District's 2026 Preliminary Taxable Assessed Valuation as a percentage of the 2026 Gross Preliminary Taxable Assessed Valuation of the Service Area. See "REGIONAL DISTRICT CONTRACT."

(b) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratios of Direct Debt (a):

As a percentage of the 2025 Certified Taxable Assessed Valuation.....	10.62	%
As a percentage of the 2026 Preliminary Taxable Assessed Valuation.....	10.54	%
As a percentage of the Estimated Taxable Assessed Valuation as of April 1, 2026 ..	9.98	%

Ratios of Direct and Estimated Overlapping Debt (a):

As a percentage of the 2025 Certified Taxable Assessed Valuation.....	23.93	%
As a percentage of the 2026 Preliminary Taxable Assessed Valuation.....	23.77	%
As a percentage of the Estimated Taxable Assessed Valuation as of April 1, 2026 ..	22.50	%

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, 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 Resolution to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the Utility System, the Road System and for the payment of certain contractual obligations. See "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District has not granted such exemption. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also 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 in action is entitled to an exemption of the total appraised value of the surviving spouse's residence

homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

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

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

Tax Abatement

Waller County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Waller County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the

terms approved by the other taxing jurisdictions. At this time, Waller County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property 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 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property 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 Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for 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 years for agricultural use, open space land, and timberland.

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

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

Tax Payment Installments After Disaster

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

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Code.

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

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

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

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." The Board has in the Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). For the 2025 tax year, the District levied a total tax rate of \$1.50 per \$100 of taxable assessed valuation, of which \$0.37 per \$100 of taxable assessed valuation is allocated to Utility System debt service, \$0.24 per \$100 of taxable assessed valuation is allocated to Road System debt service, \$0.49 per \$100 of taxable assessed valuation is allocated to a contract tax, and \$0.40 per \$100 of taxable assessed valuation is allocated to maintenance and operations. See "Tax Rate Distribution" herein.

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road System Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:.....	\$1.50 per \$100 Taxable Assessed Valuation.
Maintenance (Roads):.....	\$0.25 per \$100 Taxable Assessed Valuation.
Contract:.....	Unlimited (no legal limit as to rate or amount).

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. See "– Tax Rate Distribution" herein.

Road Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the Road System if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax for the Road System in an amount not to exceed \$0.25 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. To date, the District has not levied a maintenance tax for the Road System. See "– Tax Rate Distribution" herein.

Contract Tax

The District's obligation to pay its share of the costs of constructing and operating the Regional District Facilities is secured by the unlimited taxing power of the District. See "REGIONAL DISTRICT CONTRACT."

For the 2025 tax year, the District levied a tax rate of \$0.49 for payment of the District's contractual obligation to pay costs of the Regional District Facilities.

Additional Penalties

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

Historical Tax Collections

Tax Year	Certified Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year	Current Year Ending 9/30	Collections 05/31/26
2021	\$ 8,106,427	\$1.500	\$ 121,596	100.00%	2022	100.00%
2022	18,607,952	1.500	279,119	100.00%	2023	100.00%
2023	94,067,159	1.500	1,411,007	100.00%	2024	100.00%
2024	270,915,136	1.500	4,063,727	98.44%	2025	99.73%
2025	377,314,313	1.500	5,659,715	98.71%	2026	98.71%

Tax Rate Distribution

	2025	2024	2023	2022	2021
Road Debt Service	\$0.240	\$0.240	\$ -	\$ -	\$ -
Utility Debt Service	0.370	0.270	0.005	-	-
Contract Tax	0.490	0.560	0.580	\$0.000	0.000
Maintenance & Operation	0.400	0.430	0.870	\$1.500	1.500
Total	\$1.500	\$1.500	\$1.500	\$1.500	\$1.500

Estimated Overlapping Taxes

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

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2024 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2025 Tax Rate
Waller County	\$0.532596
Waller County Road	0.023591
Waller-Harris ESD No. 200	0.100000
Brookshire-Katy Drainage District	0.057850
Katy Independent School District	1.117100
The District	1.500000
Estimated Total Tax Rate	\$3.331137

[Remainder of this page intentionally left blank.]

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed taxable valuation which would be required to meet certain debt service requirements of the Bonds and the Outstanding Bonds if no growth in the District's tax base occurs beyond the 2025 Certified Taxable Assessed Valuation (\$377,314,313), 2026 Preliminary Taxable Assessed Valuation (\$379,992,940) or the Estimated Taxable Assessed Valuation as of April 1, 2026 (\$401,396,447). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2026–2052)	\$ 2,446,751
Tax Rate of \$0.69 on the 2025 Certified Taxable Assessed Valuation produces	\$ 2,473,295
Tax Rate of \$0.68 on the 2026 Preliminary Taxable Assessed Valuation produces	\$ 2,454,754
Tax Rate of \$0.65 on the Estimated Taxable Assessed Valuation as of April 1, 2026 produces	\$ 2,478,623
Maximum Annual Debt Service Requirement (2049)	\$ 2,756,519
Tax Rate of \$0.77 on the 2025 Certified Taxable Assessed Valuation produces	\$ 2,760,054
Tax Rate of \$0.77 on the 2026 Preliminary Taxable Assessed Valuation produces	\$ 2,779,648
Tax Rate of \$0.73 on the Estimated Taxable Assessed Valuation as of April 1, 2026 produces	\$ 2,783,684

Taxable Assessed Valuation Summary

The following represents the types of property comprising the District taxable assessed value for each of the 2021–2025 tax years.

Type of Property	2025 Assessed Taxable Valuation	2024 Assessed Taxable Valuation	2023 Assessed Taxable Valuation	2022 Assessed Taxable Valuation	2021 Assessed Taxable Valuation
Land	\$ 79,352,917	\$ 78,399,930	\$ 77,346,547	\$18,351,960	\$ 7,937,030
Improvements	325,051,338	207,624,222	19,572,318	0	97,060
Personal Property	1,520,518	818,872	217,791	306,390	131,898
Exemptions	(28,489,853)	(15,927,888)	(3,069,497)	(50,398)	(59,561)
Total	\$ 377,314,313	\$ 270,915,136	\$ 94,067,159	\$18,607,952	\$ 8,106,427

Principal Taxpayers

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

Taxpayer	Type of Property	Assessed Valuation 2025 Tax Roll	Percent of 2025 Roll
LGI Homes-Texas LLC (a)	Land & Improvements	\$ 2,144,960	0.57%
Clayton Properties Group (a)	Land & Improvements	1,667,250	0.44%
Davidson Homes LLC (a)	Land & Improvements	1,071,578	0.28%
VPDHL Sunterra LB LLC (b)	Land & Improvements	1,020,000	0.27%
Emkay Inc	Land & Improvements	930,130	0.25%
H & B Land Holdings LLC	Land & Improvements	910,000	0.24%
Katy Home Investment LLC	Land & Improvements	851,060	0.23%
HSB Construction Services	Land & Improvements	834,590	0.22%
Sunland LLC	Land & Improvements	770,150	0.20%
Homeowner	Land & Improvements	714,880	0.19%
Total		\$ 10,914,598	2.89%

(a) See "THE DEVELOPERS – Homebuilders within the District."

(b) Such entity is a land bank for Davidson Homes, a homebuilder in the District. See "STATUS OF DEVELOPMENT – Homebuilders Active within the District."

REGIONAL DISTRICT CONTRACT

Each of the Participants (defined herein), including the District, has executed the Regional District Contract with the Regional District relating to the following facilities and services to be provided by the Regional District to the Service Area and obtained the approval of the Regional District Contract from voters at elections held within their respective boundaries: the Regional District water supply and distribution system, the Regional District wastewater collection and treatment system, and the Regional District storm water conveyance and detention facilities (collectively, the “Regional District Facilities”).

The Regional District Contract provides that each Participant pay a pro rata share of debt service on contract revenue bonds issued by the Regional District to finance the Regional District Facilities based upon certified appraised valuation. The Participants are obligated to pay a pro rata share from the proceeds of a contract tax for such purpose, revenues derived from the operation of the water distribution system and wastewater collection system, or from any other legally available funds of each Participant. The Regional District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Regional District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

The Regional District is authorized to issue contract revenue bonds sufficient to finance the acquisition and construction of the Regional District Facilities. The pro rata share of each Participant, including the District, of the debt service requirements on contract revenue bonds is calculated annually and determined by dividing the Participant’s Certified Gross Assessed Valuation by the cumulative total of the Certified Gross Assessed Valuation of all the Participants. The Regional District Contract obligates each Participant, including the District, to pay its pro rata share of debt service requirements on contract revenue bonds from the proceeds of the contract tax, unlimited as to rate or amount, or from any other legally available funds. Each Participant’s payment will be calculated annually by the Regional District; however, the levy of a contract tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant.

Each Participant is obligated severally, but not jointly, to make contract payments to the Regional District in an amount sufficient to pay its debt service requirements on contract revenue bonds. To date, the Regional District has issued eight (8) series of contract revenue bonds for financing Regional District Facilities. Additionally, the Regional District anticipates selling its \$26,255,000 Contract Revenue Bonds, Series 2026, and its \$5,380,000 Contract Revenue Road Bonds, Series 2026, in July 2026, with a closing date scheduled for August 25, 2026.

The Regional District Facilities will be constructed in stages to meet the needs of a continually expanding population within the Service Area. In the event that the Regional District fails to meet its obligations under the Regional District Contract to provide Regional District Facilities, each of the Participants, including the District, has the right to design, acquire, construct, or expand the Regional District Facilities needed to provide service to such district, and convey such Regional District Facilities to the Regional District in consideration of payment by the Regional District of the actual reasonable necessary capital costs expended by such district for such Regional District Facilities.

Each of the Participants, including the District, is further obligated to pay monthly charges for water and sewer services rendered pursuant to the Regional District Contract. The monthly charges will be used to pay the District’s share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses for water and wastewater services.

Each Participant’s share of operation and maintenance expenses is based upon a “unit cost” of operation and maintenance expense for water and wastewater services, calculated by the Regional District and expressed in terms of “cost per equivalent single-family residential connection.” Each Participant’s monthly payment to the Regional District for operation and maintenance expenses for water and wastewater services will be calculated by multiplying the number of equivalent single-family connections (“ESFCs”) reserved to it.

Pursuant to the Regional District Contract, each Participant is obligated to establish and maintain rates, fees, and charges for its water and wastewater services which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay operation and maintenance charges of the Regional District, to pay other costs of operating and maintaining its own utility system, and to pay its obligations pursuant to the Regional District Contract. The Regional District does not expect that revenues from the

Participants' wastewater collection and water distribution systems will ever be sufficient to pay a significant portion of contract payments for application to debt service on the contract revenue bonds. All sums payable by each Participant to the Regional District pursuant to the Regional District Contract are to be paid by such Participant without set off, counterclaim, abatement, suspension, or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Regional District Contract provides that the Regional District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Regional District's facilities by such Participant in addition to the Regional District's other remedies pursuant to the Regional District Contract. As a practical matter, the Participants have no alternative provider of the water and wastewater services rendered by the Regional District under the Regional District Contract. See "THE BONDS – Source of Payment."

THE UTILITY SYSTEM

Regulation

Construction and operation of the water, wastewater, and drainage facilities serving the District is subject to regulation by all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the United States Environmental Protection Agency, TCEQ, Waller County, the City, and the Brookshire-Katy Drainage District. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Wholesale Agreement for Water and Wastewater Service

On September 15, 2020, the Original Developer and Quadvest, L.P., a Texas Limited Partnership ("Quadvest"), entered into that Wholesale Agreement for Water and Wastewater Service (the "Wholesale Agreement") to provide water supply and wastewater treatment capacity to serve up to 3,000 ESFCs in Sunterra. On May 10, 2021, the Wholesale Agreement was assigned by the Original Developer to the Regional District and amended to provide for water supply and wastewater treatment capacity to serve up to 6,968 ESFCs in the Service Area. On August 18, 2022, a second amendment of the Wholesale Agreement was entered into by the parties.

Under the terms of the Wholesale Agreement, Quadvest is responsible for financing and constructing the water supply and wastewater treatment plants (the "Plant Facilities") to provide water and wastewater service to the Participants, including the District, via the Regional District. The Regional District and the Participants are responsible for financing and constructing the facilities to deliver water and wastewater service to customers within the Service Area. In exchange for constructing and operating the Plant Facilities, Quadvest has received or will receive the following:

- a) Initial Payment – the Original Developer made an initial payment of \$500,000 to Quadvest. Such payment will offset the final Capacity Payments (defined below).
- b) Capacity Payments – Quadvest will receive \$1,150 per platted lot (the "Capacity Payments"). The Capacity Payments are due the earlier of:
 - a. Issuance of Regional District bond proceeds for such Capacity Payments; or
 - b. Thirty-six (36) months following the recording of the plat for each section.

Source of Water Supply and Wastewater Treatment

The Participants, including the District, obtain water from the Regional District which obtains water from Quadvest, which holds Certificate of Convenience and Necessity No. 11612 for water according to the Wholesale Agreement.

Quadvest has completed construction of Water Plant No. 1 which consists of 2 water wells (approximately 1035 gpm); two (2) 352,500-gallon ground storage tanks; two (2) 15,000 gallon hydro-pneumatic tanks; and six (6) 1,200 gpm booster pumps. Quadvest has completed construction of Water Plant No. 3 – Phase 1 and two (2) water wells to provide additional service to the Regional District. Water Plant No. 3 consists of two (2) water wells (approximately 400-gpm and 1,200-gpm of capacity); one (1) 352,500-gallon ground storage tanks; one (1) 15,000-gallon hydro-pneumatic tanks; and three (3) 1,200-gpm booster pumps.

Quadvest is currently constructing Water Plant No. 2 to provide additional service to the Regional District. Water Plant No. 2 will consist of two (2) water wells (approximately 1,000-gpm of capacity); and one (1) 750,000-gallon elevated storage tank. The anticipated construction completion date of the Elevated Storage Tank is December 2026. Currently, approximately 1,117 ESFCs are being served in the District and approximately 6,186 ESFCs are being served in the Service Area.

The Participants, including the District, obtain wastewater capacity from the Regional District, which obtains wastewater treatment capacity from Quadvest through the Sunterra Wastewater Treatment Plant Phase I which has an average daily flow of 1,000,000 gpd. The TCEQ issued Quadvest a wastewater discharge permit for the Sunterra Wastewater Treatment Plant, dated May 20, 2022, authorizing the treatment and disposal from the facility (Texas Pollutant Discharge Elimination System Permit No. WQ0016041001), which expires on May 20, 2027. The Sunterra Wastewater Treatment Plant Phase I is capable of serving 4,000 ESFCs. Quadvest is currently operating in Phase II of the permit. In Phase II, the final effluent average daily flow is limited to 1,000,000 gpd, with a maximum peak flow of 2,778 gpm during any two-hour period (2-hour peak). Currently, approximately 1,117 ESFCs are being served in the District and approximately 6,186 ESFCs are being served in the Service Area.

Quadvest is currently constructing the Sunterra Wastewater Treatment Plant Phase II which will have an average daily flow of 2,000,000 gpd. The construction started in December 2024 with an anticipated completion in July 2026.

Upon completion of Sunterra Wastewater Treatment Plant Phase II, Quadvest will be operating in Phase III of the permit. In Phase III, the final effluent average daily flow is limited to 2,000,000 gpd, with a maximum peak flow of 5,556 gpm during any two-hour period (2-hour peak). Upon completion, the wastewater facilities will have the total capacity 2,000,000 gpd (capable of serving 8,000 ESFCs at 250 gpd/ESFC).

Storm Drainage

The District is located within the Cane Island Branch. The District contains storm water detention basins that are designed in accordance with the Brookshire-Katy Drainage District and the City's standards. The basin systems have two separate outfall locations that discharge into Cane Island Branch and Snake Creek.

Prior to development, the land contained within the District's boundary naturally drained from northwest to southeast to the Cane Island Branch and the Clay Road roadside ditch. Cane Island Branch flows southerly and eventually the storm water enters Buffalo Bayou. All undeveloped land drains naturally to boundary swales and future detention areas that flow to Cane Island Branch. Storm water is conveyed through the storm sewers, into the detention system, then into Cane Island Branch, and from Cane Island Branch, the storm water enters Buffalo Bayou.

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 as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, there are no residential lots within the District that lie within the 100-year floodplain.

A Letter of Map Revision was submitted to FEMA for all sections of development in the District. On June 29, 2023, FEMA approved the Letter of Map Revision, and the maps became effective on November 20, 2023.

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

property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

THE ROAD SYSTEM

The Road System serves residents of the District by providing access to the major thoroughfares and collectors within the Sunterra development and surrounding area. The major thoroughfares and collectors serving the District include Bartlett Road, Clay Road, Schlipf Road, and Sunterra Shores Drive. The District will finance, design and construct the Road System in phases as development progresses. The Road System will ultimately be owned, operated and maintained by Waller County, Texas as the phases are constructed and accepted by the County. The District does not intend to maintain or operate the roads once they are accepted by the County.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

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

Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

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

Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Tax Legislative Changes

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026. The District will provide the updated information to the MSRB.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available. The District's current fiscal year end is April 30. Accordingly, it must provide updated information by the last day in October in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developers, the District’s records, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The financial statements of the District as of April 30, 2025, and for the year then ended, included in this Official Statement, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See “APPENDIX A” for the District’s financial statements for the fiscal year ended April 30, 2025.

Experts

The information contained in the Official Statement relating to engineering and to the description of the Utility System, and the Road System and, in particular, that engineering information included in the sections entitled “THE DISTRICT – Description,” “THE UTILITY SYSTEM,” and “THE ROAD SYSTEM” has been provided by Quiddity Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Bob Leared Interests and the Appraisal District. Such information has been included herein in reliance upon Bob Leared Interests' authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Waller County Municipal Utility District No. 37 as of the date shown on the cover page hereof.

/s/ John Smith
President, Board of Directors
Waller County Municipal Utility District No. 37

ATTEST:

/s/ Joe Fields
Vice President, Board of Directors
Waller County Municipal Utility District No. 37

APPENDIX A
Financial Statements of the District

**WALLER COUNTY MUNICIPAL
UTILITY DISTRICT NO. 37**

WALLER COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2025

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		7
 BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		18
Notes to Financial Statements		21
 REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		38
Notes to Required Supplementary Information		39
 TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	42
General Fund Expenditures	TSI-2	44
Investments	TSI-3	45
Taxes Levied and Receivable	TSI-4	46
Long-Term Debt Service Requirements by Years	TSI-5	48
Change in Long-Term Bonded Debt	TSI-6	54
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	56
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	58
Board Members, Key Personnel and Consultants	TSI-8	59

McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Waller County Municipal Utility District No. 37
Waller County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Waller County Municipal Utility District No. 37 (the "District"), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Waller County Municipal Utility District No. 37, as of April 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

***Board of Directors
Waller County Municipal Utility District No. 37
Waller County, Texas***

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

***Board of Directors
Waller County Municipal Utility District No. 37
Waller County, Texas***

Required Supplementary Information

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

Supplementary Information

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

McGuath & Co, P.C.

Houston, Texas
August 14, 2025

(This page intentionally left blank)

Management's Discussion and Analysis

(This page intentionally left blank)

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2025

Using this Annual Report

This section of the financial report of Waller County Municipal Utility District No. 37 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2025

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at April 30, 2025, was negative \$16,523,430. This amount is negative primarily because the District incurs debt to construct public roads which it conveys to the Waller County. A comparative summary of the District's overall financial position, as of April 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 4,841,666	\$ 1,946,547
Capital assets	21,118,713	19,661,288
Total assets	<u>25,960,379</u>	<u>21,607,835</u>
Current liabilities	4,601,845	6,907,276
Long-term liabilities	37,881,964	27,102,426
Total liabilities	<u>42,483,809</u>	<u>34,009,702</u>
Net position		
Net investment in capital assets	(5,694,038)	(2,790,033)
Restricted	1,839,834	390,010
Unrestricted	(12,669,226)	(10,001,844)
Total net position	<u>\$ (16,523,430)</u>	<u>\$ (12,401,867)</u>

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

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2025

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

The total net position of the District decreased during the current fiscal year by \$4,698,095. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	\$ 4,118,632	\$ 1,445,487
Water and sewer service	1,400,380	789,041
Other	671,736	1,429,149
Total revenues	<u>6,190,748</u>	<u>3,663,677</u>
Expenses		
Current service operations	996,608	1,365,757
Debt interest and fees	1,191,029	448,903
Developer interest	1,184,943	563,150
Debt issuance costs	1,618,916	983,014
Intergovernmental	3,195,266	1,771,246
Depreciation	776,781	634,099
Total expenses	<u>8,963,543</u>	<u>5,766,169</u>
Change in net position before other item	(2,772,795)	(2,102,492)
Other item		
Transfers to other governments	<u>(1,925,300)</u>	<u>(1,229,616)</u>
Change in net position	(4,698,095)	(3,332,108)
Net position, beginning of year (2025 restated)	<u>(11,825,335)</u>	<u>(9,069,759)</u>
Net position, end of year	<u>\$ (16,523,430)</u>	<u>\$ (12,401,867)</u>

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

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2025, were \$3,807,161, which consists of \$1,117,241 in the General Fund, \$2,053,646 in the Debt Service Fund, and \$636,274 in the Capital Projects Fund.

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2025

General Fund

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

	2025	2024
Total assets	<u>\$ 2,083,812</u>	<u>\$ 1,327,307</u>
Total liabilities	\$ 945,099	\$ 562,984
Total deferred inflows	21,472	11,360
Total fund balance	<u>1,117,241</u>	<u>752,963</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,083,812</u>	<u>\$ 1,327,307</u>

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

	2025	2024
Total revenues	\$ 3,176,703	\$ 3,019,690
Total expenditures	<u>(2,807,425)</u>	<u>(2,443,860)</u>
Revenues over expenditures	369,278	575,830
Other changes in fund balance	<u>(5,000)</u>	<u>61,000</u>
Net change in fund balance	<u>\$ 364,278</u>	<u>\$ 636,830</u>

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

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

During the current fiscal year, the General Fund transferred \$5,000 to the Capital Projects Fund to fund the remaining developer reimbursements and professional fees not covered by the Series 2024 Road Bonds proceeds. During the prior fiscal year, the Capital Projects Fund transferred \$61,000 to the General Fund to reimburse bond application costs incurred in the prior fiscal year.

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2025

Debt Service Fund

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

	2025	2024
Total assets	<u>\$ 2,121,580</u>	<u>\$ 609,302</u>
Total liabilities	\$ 6,283	\$ -
Total deferred inflows	61,651	10,380
Total fund balance	<u>2,053,646</u>	<u>598,922</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,121,580</u>	<u>\$ 609,302</u>

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

	2025	2024
Total revenues	\$ 2,946,249	\$ 616,267
Total expenditures	<u>(2,302,413)</u>	<u>(770,261)</u>
Revenues over/(under) expenditures	643,836	(153,994)
Other changes in fund balance	810,888	752,916
Net change in fund balance	<u>\$ 1,454,724</u>	<u>\$ 598,922</u>

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

Capital Projects Fund

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

	2025	2024
Total assets	<u>\$ 636,274</u>	<u>\$ 9,938</u>
Total fund balance	<u>\$ 636,274</u>	<u>\$ 9,938</u>

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2025

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

	2025	2024
Total revenues	\$ 6,411	\$ 5,995
Total expenditures	(14,969,187)	(13,146,634)
Revenues under expenditures	(14,962,776)	(13,140,639)
Other changes in fund balance	15,589,112	13,132,334
Net change in fund balance	\$ 626,336	\$ (8,305)

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

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$101,818 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

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

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2025

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

	2025	2024
Capital assets being depreciated		
Infrastructure	\$ 17,373,253	\$ 15,894,099
Landscape improvements	5,574,588	4,734,898
	<u>22,947,841</u>	<u>20,628,997</u>
Less accumulated depreciation		
Infrastructure	(1,313,653)	(730,964)
Landscape improvements	(515,475)	(236,745)
	<u>(1,829,128)</u>	<u>(967,709)</u>
Capital assets, net	<u><u>\$ 21,118,713</u></u>	<u><u>\$ 19,661,288</u></u>

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

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

- Hardscape, landscape and irrigation to serve Sunterra Sections 31 and 32
- Water meters

Additionally, Waller County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developers are reimbursed. For the year ended April 30, 2025, capital assets in the amount of \$1,925,300 have been recorded as transfers to other governments in the government-wide statements. Additional information is present in Note 11.

Long-Term Debt and Related Liabilities

As of April 30, 2025, the District owes approximately \$8,756,964 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2025

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

Series	2025	2024
2023	\$ 4,195,000	\$ 4,195,000
2023 Road	5,785,000	5,785,000
2024	11,650,000	
2024 Road	7,705,000	
	<u>\$ 29,335,000</u>	<u>\$ 9,980,000</u>

During the current fiscal year, the District issued \$11,650,000 in unlimited tax bonds and \$7,705,000 in unlimited tax road bonds. At April 30, 2025, the District had \$106,915,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$36,828,000 for the refunding of such bonds; \$40,545,000 for parks and recreational facilities and \$12,164,000 for the refunding of such bonds; and \$103,655,000 for road improvements and \$35,144,000 for the refunding of such bonds.

Additionally, during the current fiscal year, the District issued a \$3,165,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Note 7 for additional information.

Property Taxes

The District's property tax base increased approximately \$107,994,000 for the 2025 tax year from \$271,728,926 to \$379,722,760, based on certified values. This increase was primarily due to new construction in the District.

Next Year's Budget

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

	2025 Actual	2026 Budget
Total revenues	\$ 3,176,703	\$ 2,769,450
Total expenditures	(2,807,425)	(2,203,011)
Revenues over expenditures	369,278	566,439
Other changes in fund balance	(5,000)	
Net change in fund balance	364,278	566,439
Beginning fund balance	752,963	1,117,241
Ending fund balance	<u>\$ 1,117,241</u>	<u>\$ 1,683,680</u>

Basic Financial Statements

Waller County Municipal Utility District No. 37
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	\$ 324,759	\$ 85,523	\$ 651,741	\$ 1,062,023
Investments	1,424,574	2,003,085	63,923	3,491,582
Taxes receivable	21,472	61,651		83,123
Customer service receivables	144,152			144,152
Internal balances	108,069	(28,679)	(79,390)	
Builder damages receivable	58,762			58,762
Prepaid items	2,024			2,024
Capital assets, net				
Total Assets	<u>\$ 2,083,812</u>	<u>\$ 2,121,580</u>	<u>\$ 636,274</u>	<u>\$ 4,841,666</u>
Liabilities				
Accounts payable	\$ 545,435	\$ -	\$ -	\$ 545,435
Other payables	2,273	6,283		8,556
Customer deposits	360,531			360,531
Builder deposits	20,100			20,100
Unearned revenue	16,760			16,760
Accrued interest payable				
Bond anticipation note payable				
Due to developers				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	<u>945,099</u>	<u>6,283</u>		<u>951,382</u>
Deferred Inflows of Resources				
Deferred property taxes	<u>21,472</u>	<u>61,651</u>		<u>83,123</u>
Fund Balances/Net Position				
Fund Balances				
Nonspendable	2,024			2,024
Restricted		2,053,646	636,274	2,689,920
Unassigned	1,115,217			1,115,217
Total Fund Balances	<u>1,117,241</u>	<u>2,053,646</u>	<u>636,274</u>	<u>3,807,161</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,083,812</u>	<u>\$ 2,121,580</u>	<u>\$ 636,274</u>	<u>\$ 4,841,666</u>
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
\$ -	\$ 1,062,023
	3,491,582
	83,123
	144,152
	58,762
	2,024
21,118,713	21,118,713
<u>21,118,713</u>	<u>25,960,379</u>
	545,435
	8,556
	360,531
	20,100
	16,760
275,463	275,463
3,165,000	3,165,000
8,756,964	8,756,964
210,000	210,000
29,125,000	29,125,000
<u>41,532,427</u>	<u>42,483,809</u>
<u>(83,123)</u>	
(2,024)	
(2,689,920)	
<u>(1,115,217)</u>	
<u>(3,807,161)</u>	
(5,694,038)	(5,694,038)
1,839,834	1,839,834
<u>(12,669,226)</u>	<u>(12,669,226)</u>
<u>\$ (16,523,430)</u>	<u>\$ (16,523,430)</u>

Waller County Municipal Utility District No. 37

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

For the Year Ended April 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	\$ 884,011	\$ -	\$ -	\$ 884,011
Sewer service	516,369			516,369
Property taxes	1,155,153	2,859,785		4,014,938
Penalties and interest	26,481	15,828		42,309
Tap connection and inspection	506,102			506,102
Miscellaneous	47,471	10		47,481
Investment earnings	41,116	70,626	6,411	118,153
Total Revenues	3,176,703	2,946,249	6,411	6,129,363
Expenditures/Expenses				
Current service operations				
Professional fees	125,355	1,835	128,931	256,121
Contracted services	467,408	54,122		521,530
Repairs and maintenance	182,905			182,905
Administrative	25,911	9,018		34,929
Other	163		960	1,123
Capital outlay	188,409		11,760,027	11,948,436
Debt service				
Interest and fees		859,446	275,410	1,134,856
Developer interest			1,184,943	1,184,943
Debt issuance costs			1,618,916	1,618,916
Intergovernmental				
Master District connection fees	1,527,657			1,527,657
Maintenance charges	289,617			289,617
Contractual obligations		1,377,992		1,377,992
Depreciation				
Total Expenditures/Expenses	2,807,425	2,302,413	14,969,187	20,079,025
Revenues Over/(Under)				
Expenditures/Expenses	369,278	643,836	(14,962,776)	(13,949,662)
Other Financing Sources/(Uses)				
Proceeds from sale of bonds		810,888	18,544,112	19,355,000
Proceeds from bond anticipation note			3,165,000	3,165,000
Repayment of bond anticipation note			(6,125,000)	(6,125,000)
Internal transfers	(5,000)		5,000	
Other Items				
Transfers to other governments				
Net Change in Fund Balances	364,278	1,454,724	626,336	2,445,338
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year, as reported	752,963	598,922	9,938	1,361,823
Change due to new accounting guidance (See Note 3)				
Beginning of the year, as restated	752,963	598,922	9,938	1,361,823
End of the year	\$ 1,117,241	\$ 2,053,646	\$ 636,274	\$ 3,807,161

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ -	\$ 884,011
	516,369
55,308	4,070,246
6,077	48,386
	506,102
	47,481
	118,153
61,385	6,190,748
	256,121
	521,530
	182,905
	34,929
	1,123
(11,948,436)	
56,173	1,191,029
	1,184,943
	1,618,916
	1,527,657
	289,617
	1,377,992
776,781	776,781
(11,115,482)	8,963,543
11,176,867	(2,772,795)
(19,355,000)	
(3,165,000)	
6,125,000	
(1,925,300)	(1,925,300)
(2,445,338)	
(4,698,095)	(4,698,095)
(13,763,690)	(12,401,867)
576,532	576,532
(13,187,158)	(11,825,335)
\$ (20,907,123)	\$ (16,523,430)

(This page intentionally left blank)

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Waller County Municipal Utility District No. 37 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant the House Bill No. 4520, 86th Session of the Texas Legislature, Regular Session, codified as Chapter 8047, Texas Special District Local Law Code (The “Act”), effective May 3, 2019, and operates in accordance with Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution, and the Texas Water Code, Chapters 49 and 54. On July 30, 2020 the voters of the District approved a proposition dividing the District into three districts: the District, Harris - Waller Counties Municipal Utility District No. 4 (“MUD 4”) and Harris-Waller Counties Municipal Utility District No. 5 (“MUD 5”). The Board of Directors held its first meeting on August 11, 2020, and the first bonds were issued on August 15, 2023.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

Use of Restricted Resources

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

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

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

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	10-40 years
Landscape improvements	20 years

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District’s nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

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

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds	\$ 3,807,161
--	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 22,947,841	
Less accumulated depreciation	<u>(1,829,128)</u>	
		21,118,713

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Accrued interest payable	(275,463)	
Due to developers	(8,756,964)	
Bond anticipation note payable	(3,165,000)	
Bonds payable	<u>(29,335,000)</u>	
		(41,532,427)

Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

83,123

Total net position - governmental activities	<u><u>\$ (16,523,430)</u></u>
--	-------------------------------

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

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

Net change in fund balances - total governmental funds	\$ 2,445,338
--	--------------

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.

	61,385
--	--------

Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 11,948,436	
Transfers to other governments	(1,925,300)	
Depreciation expense	(776,781)	
		9,246,355

Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long-term debt	(19,355,000)	
Issuance of bond anticipation note	(3,165,000)	
Repayment of bond anticipation note	6,125,000	
Interest expense accrual	(56,173)	
		(16,451,173)

Change in net position of governmental activities	\$ (4,698,095)
---	----------------------------

Note 3 – Implementation of New Accounting Guidance

During the current fiscal year, the District implemented GASB Implementation Guide (“GASBIG”) 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. Under this new guidance, the District's acquisition of water meters that exceeds the capitalization threshold in the aggregate should be recorded as Capital outlays instead of Contracted services in the *Statement of Revenues, Expenditures and Changes in Fund Balances*. On the government-wide statements, the acquisition of water meters should not be recorded as an expense on the *Statement of Activities* but should be recorded as capital assets on the *Statement of Net Position*.

GASBIG 2021-1, Question 5.1 is required to be retroactively implemented, which means the District is required to record the acquisition of water meters that were expensed in previous fiscal years as infrastructure capital assets and to record the related accumulated depreciation at the beginning of the current fiscal year. Accordingly, the District has recorded a restatement to recognize \$576,532 in depreciable capital assets, which were measured at net book value (i.e., cost less accumulated depreciation) as of the beginning of the current fiscal year and increased its beginning net position by the same amount. Prior year amounts in the Management's Discussion and Analysis and supplementary schedules were not restated.

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

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

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

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	\$ 1,424,574		
	Debt Service	2,003,085		
	Capital Projects	63,923		
Total		<u>\$ 3,491,582</u>	AAAm	40 days

TexSTAR

The Texas Short Term Asset Reserve fund ("TexSTAR") is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

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

Note 5 – Interfund Balances and Transactions

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

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 28,679	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	79,390	Bond application fees paid by the General Fund

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

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

During the current fiscal year, the General Fund transferred \$5,000 to the Capital Projects Fund to fund the remaining developer reimbursements and professional fees not covered by the Series 2024 Road Bonds proceeds.

Note 6 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets being depreciated			
Infrastructure	\$ 16,555,269	\$ 817,984	\$ 17,373,253
Lanscaping improvements	4,734,898	839,690	5,574,588
	<u>21,290,167</u>	<u>1,657,674</u>	<u>22,947,841</u>
Less accumulated depreciation			
Infrastructure	(815,602)	(498,051)	(1,313,653)
Landscaping improvements	(236,745)	(278,730)	(515,475)
	<u>(1,052,347)</u>	<u>(776,781)</u>	<u>(1,829,128)</u>
Capital assets, net	<u>\$ 20,237,820</u>	<u>\$ 880,893</u>	<u>\$ 21,118,713</u>

Depreciation expense for the current fiscal year was \$776,781.

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

Note 7 – Bond Anticipation Note

The District uses a bond anticipation note (“BAN”) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of \$6,125,000. This BAN was repaid on September 12, 2024, with proceeds from the issuance of the District’s Series 2024 Unlimited Tax Bonds.

On December 19, 2024, the District issued a \$3,165,000 BAN with an interest rate of 4.95%, which is due on December 18, 2025.

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

The effect of these transactions on the District's short-term obligations are as follows:

Beginning balance	\$ 6,125,000
Amounts borrowed	3,165,000
Amounts repaid	<u>(6,125,000)</u>
Ending balance	<u><u>\$ 3,165,000</u></u>

Note 8 – Due to Developers

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

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

Due to developers, beginning of year	\$ 17,122,426
Developer reimbursements	(11,760,027)
Developer funded construction and adjustments	<u>3,394,565</u>
Due to developers, end of year	<u><u>\$ 8,756,964</u></u>

Note 9 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u><u>\$ 29,335,000</u></u>
Due within one year	<u><u>\$ 210,000</u></u>

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

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

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2023	\$ 4,195,000	\$ 4,195,000	4.00% - 6.50%	September 1, 2025/2049	September 1, March 1	September 1, 2030
2023 Road	5,785,000	5,785,000	4.75% - 7.25%	September 1, 2025/2049	September 1, March 1	September 1, 2030
2024	11,650,000	11,650,000	4.00% - 6.50%	September 1, 2026/2050	September 1, March 1	September 1, 2030
2024 Road	7,705,000	7,705,000	4.00%	September 1, 2026/2050	September 1, March 1	September 1, 2030
	<u>\$ 29,335,000</u>					

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

At April 30, 2025, the District had authorized but unissued bonds in the amount of \$106,915,000 for water, sewer and drainage facilities and \$36,828,000 for the refunding of such bonds; \$40,545,000 for parks and recreational facilities and \$12,164,000 for the refunding of such bonds; and \$103,655,000 for road improvements and \$35,144,000 for the refunding of such bonds.

On September 12, 2024, the District issued its \$11,650,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.265558%. Proceeds of the bonds were used to (1) reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a \$6,125,000 BAN issued in the previous fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

Additionally, on October 10, 2024, the District issued its \$7,705,000 Series 2024 Unlimited Tax Road Bonds at a net effective interest rate of 4.179104%. Proceeds of the bonds were used (1) to reimburse developers for the cost of roads constructed within the District and the acquisition of land for certain District facilities, (2) to pay developer expense at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	\$ 9,980,000
Bonds issued	19,355,000
Bonds payable, end of year	<u>\$ 29,335,000</u>

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

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

Year	Principal	Interest	Totals
2026	\$ 210,000	\$ 1,305,782	\$ 1,515,782
2027	655,000	1,279,162	1,934,162
2028	685,000	1,239,074	1,924,074
2029	715,000	1,197,169	1,912,169
2030	755,000	1,153,182	1,908,182
2031	780,000	1,107,213	1,887,213
2032	825,000	1,063,163	1,888,163
2033	860,000	1,023,026	1,883,026
2034	900,000	983,207	1,883,207
2035	940,000	943,094	1,883,094
2036	985,000	902,669	1,887,669
2037	1,030,000	860,369	1,890,369
2038	1,085,000	815,945	1,900,945
2039	1,135,000	769,582	1,904,582
2040	1,185,000	721,419	1,906,419
2041	1,240,000	671,081	1,911,081
2042	1,295,000	618,450	1,913,450
2043	1,360,000	563,306	1,923,306
2044	1,415,000	505,355	1,920,355
2045	1,480,000	444,584	1,924,584
2046	1,560,000	380,618	1,940,618
2047	1,630,000	313,118	1,943,118
2048	1,705,000	242,318	1,947,318
2049	1,785,000	168,237	1,953,237
2050	1,870,000	90,643	1,960,643
2051	1,250,000	25,468	1,275,468
	<u>\$ 29,335,000</u>	<u>\$ 19,387,234</u>	<u>\$ 48,722,234</u>

Note 10 – Property Taxes

On May 11, 2021, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Waller County 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.

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.50 per \$100 of assessed value, of which \$0.43 was allocated to maintenance and operations, \$0.27 was allocated to debt service, \$0.56 was allocated to contract tax and \$0.24 was allocated to road debt service. The resulting tax levy was \$4,075,934 on the adjusted taxable value of \$271,728,926.

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

Current year taxes receivable	\$ 74,873
Prior years taxes receivable	11
	74,884
Penalty and interest receivable	8,239
Property taxes receivable	<u>\$ 83,123</u>

Note 11 – Transfers to Other Governments

Waller County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Waller County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developers are subsequently reimbursed. For the year ended April 30, 2025, the District recorded transfers to other governments in the amount of \$1,925,300 for right-of-way land acquisitions transferred to the County and adjustments to the value of road facilities completed in previous fiscal years.

Note 12 – Master District

On November 17, 2020, (amended effective February 1, 2021) the District entered into a contract for Financing, Operation, and Maintenance of Regional Facilities (the "Contract") with Harris – Waller Counties MUD No. 4 (the "Master District") whereby the Master District agrees to provide or cause to be provided the regional water supply and distribution facilities and the wastewater collection, treatment and disposal facilities, drainage, and road facilities necessary to serve all participant districts located within the Master District's service area. The term of the Contract is 40 years.

Operating and Maintenance Reserve

The Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. Prior to commencement of services, the Master District shall bill the District an amount calculated by multiplying the monthly fee (as defined below) by three in order to provide the initial funding required to establish the reserve. The Master District shall adjust the reserve as needed, not less than annually. As of April 30, 2025, the District has paid \$60,925 for an operating reserve.

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2025

Monthly Connection Fees for Operating Expenses

Upon commencement of services, the Master District will charge each participating district a monthly fee for Master District operating and maintenance expenses based on the unit cost per connection multiplied by the number of equivalent single-family connections (“ESFCs”) reserved to the District.

Master District Debt

The Master District is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional water, wastewater, drainage, and road facilities needed to provide services to all participating districts in the service area. The District shall contribute annually to the payment of debt service requirements based on its annual pro rata share of the total certified assessed valuation of all participating districts. For the 2024 tax year, the District’s pro rata share is 25.71%. The District levied a contract tax rate of \$0.56 per \$100 of assessed valuation to pay for its pro rata share of Master District debt service requirements. As of April 30, 2025, the Master District has \$84,915,000 in contract revenue bonds outstanding.

Summary of Charges

For the fiscal year ended April 30, 2025, the District incurred the following costs pursuant to the Contract with the Master District:

- Monthly connection fees for operating expenses in the amount of \$1,527,657;
- Monthly charges for mowing expenses in the amount of \$289,617; and
- Contractual obligations for Master District debt service requirements in the amount of \$1,377,992.

Note 13 – Risk Management

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

Note 14 – Subsequent Event

On July 10, 2025, the District approved the sale of its Series 2025 Unlimited Tax Bonds in the amount of \$5,145,000. Proceeds from the bonds will be used to reimburse the District’s developers for infrastructure improvements in the District.

(This page intentionally left blank)

Required Supplementary Information

Waller County Municipal Utility District No. 37
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ 600,000	\$ 881,806	\$ 884,011	\$ 2,205
Sewer service	250,000	579,464	516,369	(63,095)
Property taxes	812,000	1,000,000	1,155,153	155,153
Penalties and interest	20,000	20,000	26,481	6,481
Tap connection and inspection	594,900	594,900	506,102	(88,798)
Miscellaneous	2,000	2,000	47,471	45,471
Investment earnings			41,116	41,116
Total Revenues	<u>2,278,900</u>	<u>3,078,170</u>	<u>3,176,703</u>	<u>98,533</u>
Expenditures				
Current service operations				
Professional fees	161,000	163,000	125,355	37,645
Contracted services	370,796	541,355	467,408	73,947
Repairs and maintenance	250,000	250,000	182,905	67,095
Administrative	26,660	26,660	25,911	749
Other	3,000	3,000	163	2,837
Capital outlay	154,500	154,500	188,409	(33,909)
Intergovernmental				
Master District connection fees	840,000	1,477,167	1,527,657	(50,490)
Maintenance charges	75,000	200,028	289,617	(89,589)
Total Expenditures	<u>1,880,956</u>	<u>2,815,710</u>	<u>2,807,425</u>	<u>8,285</u>
Revenues Over Expenditures	397,944	262,460	369,278	106,818
Other Financing Uses				
Internal transfers			(5,000)	(5,000)
Net Change in Fund Balance	397,944	262,460	364,278	101,818
Fund Balance				
Beginning of the year	752,963	752,963	752,963	
End of the year	<u>\$ 1,150,907</u>	<u>\$ 1,015,423</u>	<u>\$ 1,117,241</u>	<u>\$ 101,818</u>

Waller County Municipal Utility District No. 37
Notes to Required Supplementary Information
April 30, 2025

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

(This page intentionally left blank)

Texas Supplementary Information

Waller County Municipal Utility District No. 37
TSI-1. Services and Rates
April 30, 2025

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

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

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	\$ 57.00	10,000	N	\$ 4.30	10,001 to no limit
Wastewater:	\$ 47.50	N/A	Y		

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

Total charges per 10,000 gallons usage: Water \$ 57.00 Wastewater \$ 47.50

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,101	1,090	x 1.0	1,090
1"	1	1	x 2.5	3
1.5"			x 5.0	
2"	19	19	x 8.0	152
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	1,122	1,111		1,325
Total Wastewater	1,101	1,090	x 1.0	1,090

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-1. Services and Rates
April 30, 2025

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

*Gallons pumped into system:	<u>121,145,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>121,145,000</u>	(Gallons billed / Gallons pumped)
		<u>100.00%</u>

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

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

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

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

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

5. Location of District

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

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

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

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

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which the District is located: City of Houston

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

If Yes, by whom? _____

*Purchased from Harris - Waller Counties Municipal Utility District No. 4

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-2. General Fund Expenditures
For the Year Ended April 30, 2025

Professional fees	
Legal	\$ 64,287
Audit	15,000
Engineering	46,068
	<u>125,355</u>
Contracted services	
Bookkeeping	25,525
Operator	82,786
Garbage collection	248,555
Inspection	77,331
Security	33,211
	<u>467,408</u>
Repairs and maintenance	<u>182,905</u>
Administrative	
Directors fees	9,282
Printing and office supplies	1,888
Insurance	7,161
Other	7,580
	<u>25,911</u>
Other	<u>163</u>
Capital outlay	<u>188,409</u>
Intergovernmental	
Master District connection fees	1,527,657
Maintenance charges	289,617
	<u>1,817,274</u>
Total expenditures	<u><u>\$ 2,807,425</u></u>

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-3. Investments
April 30, 2025

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexSTAR	Variable	N/A	<u>\$ 1,424,574</u>
Debt Service			
TexSTAR	Variable	N/A	944,844
TexSTAR - Road	Variable	N/A	922,456
TexSTAR - Contract Tax	Variable	N/A	135,785
			<u>2,003,085</u>
Capital Projects			
TexSTAR	Variable	N/A	<u>63,923</u>
Total - All Funds			<u><u>\$ 3,491,582</u></u>

See accompanying auditor's report.

Waller County Municipal Utility District No. 37

TSI-4. Taxes Levied and Receivable

April 30, 2025

	Maintenance Taxes	Debt Service Taxes	Contract Taxes	Debt Service Road Taxes
Taxes Receivable, Beginning of Year	\$ 11,360	\$ 652	\$ 7,573	\$ -
Adjustments to Prior Year Tax Levy	(3,303)	(190)	(2,204)	
Adjusted Receivable	8,057	462	5,369	
2024 Original Tax Levy	1,078,131	676,966	1,404,077	601,747
Adjustments	90,304	56,702	117,605	50,402
Adjusted Tax Levy	1,168,435	733,668	1,521,682	652,149
Total to be accounted for	1,176,492	734,130	1,527,051	652,149
Tax collections:				
Current year	1,146,971	720,191	1,493,729	640,170
Prior years	8,049	462	5,366	
Total Collections	1,155,020	720,653	1,499,095	640,170
Taxes Receivable, End of Year	\$ 21,472	\$ 13,477	\$ 27,956	\$ 11,979
Taxes Receivable, By Years				
2024	\$ 21,464	\$ 13,477	\$ 27,953	\$ 11,979
2023	8		3	
Taxes Receivable, End of Year	\$ 21,472	\$ 13,477	\$ 27,956	\$ 11,979
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 78,399,930	\$ 77,310,547	\$ 18,351,960	\$ 7,937,030
Improvements	207,624,252	19,572,318		97,060
Personal Property	818,872	217,791	306,390	131,898
Exemptions	(15,114,128)	(3,033,497)	(50,398)	(59,561)
Total Property Valuations	\$ 271,728,926	\$ 94,067,159	\$ 18,607,952	\$ 8,106,427
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.43	\$ 0.87	\$ 1.50	\$ 1.50
Debt service tax rates	0.27	0.05		
Contract tax rates	0.56	0.58		
Debt service road tax rates	0.24			
Total Tax Rates per \$100 Valuation	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Adjusted Tax Levy:	\$ 4,075,934	\$ 1,411,007	\$ 279,119	\$ 121,596
Percentage of Taxes Collected to Taxes Levied **	98.16%	99.99%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on May 11, 2021

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

See accompanying auditor's report.

Totals	
\$	19,585
	(5,697)
	13,888
	3,760,921
	315,013
	4,075,934
	4,089,822
	4,001,061
	13,877
	4,014,938
\$	74,884
\$	74,873
	11
\$	74,884

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 90,000	\$ 192,025	\$ 282,025
2027	95,000	186,237	281,237
2028	95,000	180,062	275,062
2029	100,000	173,725	273,725
2030	105,000	167,063	272,063
2031	110,000	160,075	270,075
2032	120,000	152,600	272,600
2033	125,000	144,794	269,794
2034	130,000	136,825	266,825
2035	135,000	130,062	265,062
2036	145,000	124,462	269,462
2037	150,000	118,562	268,562
2038	160,000	112,363	272,363
2039	165,000	105,863	270,863
2040	175,000	99,063	274,063
2041	185,000	91,863	276,863
2042	190,000	84,363	274,363
2043	200,000	76,563	276,563
2044	210,000	68,231	278,231
2045	220,000	59,363	279,363
2046	235,000	49,831	284,831
2047	245,000	39,631	284,631
2048	255,000	29,006	284,006
2049	270,000	17,850	287,850
2050	285,000	6,056	291,056
	<u>\$ 4,195,000</u>	<u>\$ 2,706,538</u>	<u>\$ 6,901,538</u>

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 120,000	\$ 302,869	\$ 422,869
2027	125,000	293,987	418,987
2028	135,000	284,562	419,562
2029	140,000	274,594	414,594
2030	150,000	264,081	414,081
2031	155,000	253,025	408,025
2032	165,000	241,425	406,425
2033	170,000	231,194	401,194
2034	180,000	222,444	402,444
2035	190,000	213,194	403,194
2036	195,000	203,569	398,569
2037	205,000	193,569	398,569
2038	220,000	182,944	402,944
2039	230,000	171,981	401,981
2040	240,000	160,819	400,819
2041	250,000	149,181	399,181
2042	265,000	136,950	401,950
2043	280,000	124,006	404,006
2044	290,000	110,287	400,287
2045	305,000	95,784	400,784
2046	320,000	80,550	400,550
2047	340,000	64,250	404,250
2048	355,000	46,875	401,875
2049	370,000	28,750	398,750
2050	390,000	9,750	399,750
	<u>\$ 5,785,000</u>	<u>\$ 4,340,640</u>	<u>\$ 10,125,640</u>

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ -	\$ 502,688	\$ 502,688
2027	260,000	494,238	754,238
2028	275,000	476,850	751,850
2029	285,000	458,650	743,650
2030	300,000	439,638	739,638
2031	310,000	419,813	729,813
2032	325,000	403,238	728,238
2033	340,000	389,938	729,938
2034	355,000	376,038	731,038
2035	370,000	361,538	731,538
2036	390,000	346,338	736,338
2037	405,000	330,438	735,438
2038	425,000	313,838	738,838
2039	445,000	296,438	741,438
2040	465,000	278,237	743,237
2041	485,000	259,237	744,237
2042	505,000	239,437	744,437
2043	530,000	218,737	748,737
2044	550,000	197,137	747,137
2045	575,000	174,637	749,637
2046	605,000	151,037	756,037
2047	630,000	126,337	756,337
2048	660,000	100,537	760,537
2049	690,000	73,537	763,537
2050	720,000	45,337	765,337
2051	750,000	15,468	765,468
	<u>\$ 11,650,000</u>	<u>\$ 7,489,356</u>	<u>\$ 19,139,356</u>

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ -	\$ 308,200	\$ 308,200
2027	175,000	304,700	479,700
2028	180,000	297,600	477,600
2029	190,000	290,200	480,200
2030	200,000	282,400	482,400
2031	205,000	274,300	479,300
2032	215,000	265,900	480,900
2033	225,000	257,100	482,100
2034	235,000	247,900	482,900
2035	245,000	238,300	483,300
2036	255,000	228,300	483,300
2037	270,000	217,800	487,800
2038	280,000	206,800	486,800
2039	295,000	195,300	490,300
2040	305,000	183,300	488,300
2041	320,000	170,800	490,800
2042	335,000	157,700	492,700
2043	350,000	144,000	494,000
2044	365,000	129,700	494,700
2045	380,000	114,800	494,800
2046	400,000	99,200	499,200
2047	415,000	82,900	497,900
2048	435,000	65,900	500,900
2049	455,000	48,100	503,100
2050	475,000	29,500	504,500
2051	500,000	10,000	510,000
	<u>\$ 7,705,000</u>	<u>\$ 4,850,700</u>	<u>\$ 12,555,700</u>

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 210,000	\$ 1,305,782	\$ 1,515,782
2027	655,000	1,279,162	1,934,162
2028	685,000	1,239,074	1,924,074
2029	715,000	1,197,169	1,912,169
2030	755,000	1,153,182	1,908,182
2031	780,000	1,107,213	1,887,213
2032	825,000	1,063,163	1,888,163
2033	860,000	1,023,026	1,883,026
2034	900,000	983,207	1,883,207
2035	940,000	943,094	1,883,094
2036	985,000	902,669	1,887,669
2037	1,030,000	860,369	1,890,369
2038	1,085,000	815,945	1,900,945
2039	1,135,000	769,582	1,904,582
2040	1,185,000	721,419	1,906,419
2041	1,240,000	671,081	1,911,081
2042	1,295,000	618,450	1,913,450
2043	1,360,000	563,306	1,923,306
2044	1,415,000	505,355	1,920,355
2045	1,480,000	444,584	1,924,584
2046	1,560,000	380,618	1,940,618
2047	1,630,000	313,118	1,943,118
2048	1,705,000	242,318	1,947,318
2049	1,785,000	168,237	1,953,237
2050	1,870,000	90,643	1,960,643
2051	1,250,000	25,468	1,275,468
	<u>\$ 29,335,000</u>	<u>\$ 19,387,234</u>	<u>\$ 48,722,234</u>

See accompanying auditor's report.

(This page intentionally left blank)

Waller County Municipal Utility District No. 37
TSI-6. Change in Long-Term Bonded Debt
April 30, 2025

	Bond Issue			
	Series 2023	Series 2023 Road	Series 2024	Series 2024 Road
Interest rate	4.00% - 6.50%	4.75% - 7.25%	4.00% - 6.50%	4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/25 - 9/1/49	9/1/25 - 9/1/49	9/1/26 - 9/1/50	9/1/26 - 9/1/50
Beginning bonds outstanding	\$ 4,195,000	\$ 5,785,000	\$ -	\$ -
Bonds issued			11,650,000	7,705,000
Ending bonds outstanding	\$ 4,195,000	\$ 5,785,000	\$ 11,650,000	\$ 7,705,000
Interest paid during fiscal year	\$ 194,725	\$ 307,219	\$ 235,984	\$ 120,712
Paying agent's name and city All Series	Regions Bank, Houston, Texas			

	Water, Sewer and Drainage Bonds	Park and Recreation Facilities Bonds	Road Bonds
Bond Authority:			
Amount Authorized by Voters	\$ 122,760,000	\$ 40,545,000	\$ 117,145,000
Amount Issued	(15,845,000)		(13,490,000)
Remaining To Be Issued	\$ 106,915,000	\$ 40,545,000	\$ 103,655,000

	Water, Sewer and Drainage Refunding Bonds	Park and Recreation Facilities Refunding Bonds	Road Refunding Bonds
Bond Authority:			
Amount Authorized by Voters	\$ 36,828,000	\$ 12,164,000	\$ 35,144,000
Amount Issued			
Remaining To Be Issued	\$ 36,828,000	\$ 12,164,000	\$ 35,144,000

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

Debt Service Fund cash and investments balance as of April 30, 2025: \$ 2,088,608

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,873,932

See accompanying auditor's report.

<u>Totals</u>	
\$	9,980,000
	<u>19,355,000</u>
\$	<u><u>29,335,000</u></u>
\$	<u><u>858,640</u></u>

Waller County Municipal Utility District No. 37**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund****For the Last Five Fiscal Years**

	Amounts				
	2025	2024	2023	2022	2021**
Revenues					
Water service	\$ 884,011	\$ 558,631	\$ 61,064	\$ -	\$ -
Sewer service	516,369	230,410	20,627		
Property taxes	1,155,153	810,359	279,516	121,588	
Penalties and interest	26,481	23,346	1,316		
Tap connection and inspection	506,102	1,352,314	614,815		
Miscellaneous	47,471	32,506	915		
Investment earnings	41,116	12,124	459		4
Total Revenues	3,176,703	3,019,690	978,712	121,588	4
Expenditures					
Current service operations					
Professional fees	125,355	138,787	180,814	89,435	77,830
Contracted services	467,408	829,692	343,083	19,253	2,400
Repairs and maintenance	182,905	220,355	20,522		
Administrative	25,911	22,013	18,529	19,017	6,877
Other	163	101	1,404	220	
Capital outlay	188,409				
Intergovernmental					
Master District connection fees	1,527,657	983,323	205,743		
Maintenance charges	289,617	206,956	65,516		
Contract obligations		42,633	31,028		
Total Expenditures	2,807,425	2,443,860	866,639	127,925	87,107
Revenues Over (Under) Expenditures	\$ 369,278	\$ 575,830	\$ 112,073	\$ (6,337)	\$ (87,103)
Total Active Retail Water Connections	1,111	937	318	N/A	N/A
Total Active Retail Wastewater Connections	1,090	919	313	N/A	N/A

*Percentage is negligible

** Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021**
28%	18%	6%		-%
16%	8%	2%		
36%	27%	29%	100%	
1%	1%	*		
16%	45%	63%		
1%	1%	*		
1%	*	*		-
99%	100%	100%	100%	-
4%	5%	18%	74%	-
15%	27%	35%	16%	-
6%	7%	2%		
1%	1%	2%	16%	-
*	*	*	*	
6%				
48%	33%	21%		
9%	7%	7%		
	1%	3%		
89%	81%	88%	106%	-
10%	19%	12%	(6%)	-

Waller County Municipal Utility District No. 37

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Two Fiscal Years

	Amounts		Percent of Fund Total Revenues	
	2025	2024	2025	2024
Revenues				
Property taxes	\$ 2,859,785	\$ 586,776	97%	95%
Penalties and interest	15,828	3,281	1%	1%
Miscellaneous	10		*	
Investment earnings	70,626	26,210	2%	4%
Total Revenues	2,946,249	616,267	100%	100%
Expenditures				
Tax collection services	64,975	34,479	2%	6%
Debt service				
Interest and fees	859,446	197,448	29%	32%
Intergovernmental				
Contractual obligations	1,377,992	538,334	47%	87%
Total Expenditures	2,302,413	770,261	78%	125%
Revenues Over (Under) Expenditures	\$ 643,836	\$ (153,994)	22%	(25%)

*Percentage is negligible

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2025

Complete District Mailing Address: 3200 Southwest Freeway Suite 2600 Houston, TX 77027
District Business Telephone Number: (713)-860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 9, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Matthew C. Deal	05/22 - 05/26	\$ 1,768	\$ -	President
Mark Witcher	09/22 - 05/26	1,547		Vice President
Brian Welch	05/24 - 05/28	1,768		Secretary
David Moriniere	05/24 - 05/28	2,431		Assistant Vice President
Leigh Ellis	05/24 - 05/28	1,768		Assistant Secretary
Consultants				
Allen Boone Humphries Robinson LLP	2020	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 65,464		
<i>Bond counsel</i>		516,147		
Municipal District Services, LLC	2020	642,643		Operator
Myrtle Cruz, Inc.	2020	35,247		Bookkeeper
Bob Leared Interests	2020	24,316		Tax Collector
Waller County Appraisal District	<i>Legislation</i>	34,806		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2020	1,835		Delinquent Tax Attorney
Quiddity Engineering, LLC	2020	134,221		Engineer
Kimley-Horn & Associates, Inc.	2020			Landscape Architect
McGrath & Co., PLLC	2020	43,000		Auditor
R.W. Baird & Co., Incorporated	2020	422,886		Financial Advisor

* Fees of Office are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

28 Liberty Street, 59th Floor
New York, New York 10005

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN