DECKER PRAIRIE MUNICIPAL UTILITY DISTRICT

(Montgomery County, Texas)

PRELIMINARY OFFICIAL STATEMENT

DATED: SEPTEMBER 3, 2026

$3,730,000

UNLIMITED TAX BONDS

SERIES 2026

BIDS TO BE SUBMITTED BY: 9:30 A.M., CENTRAL TIME

TUESDAY, SEPTEMBER 29, 2026

BONDS TO BE AWARDED: 11:30 A.M, CENTRAL TIME

TUESDAY, SEPTEMBER 29, 2026

CEDAR CREEK

MUNICIPAL ADVISORS

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

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 3, 2026

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

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

The Bonds will be designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

NEW ISSUE – Book-Entry-Only NON-RATED

$3,730,000
DECKER PRAIRIE MUNICIPAL UTILITY DISTRICT
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX BONDS, SERIES 2026

Dated: October 1, 2026
Interest Accrues From: Date of Delivery Due: September 1, as shown on inside cover

The $3,730,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"), are obligations of Decker Prairie Municipal Utility District (the "District") and are not obligations of the State of Texas; Montgomery 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; Montgomery 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, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are dated October 1, 2026 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or about October 29, 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 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 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, in turn, will 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" herein for further information.

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

The Bonds are the fourth series of unlimited tax bonds issued by the District, and, when issued, will constitute valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment."

Investment in the Bonds is subject to special risk factors as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "RISK FACTORS," before making an investment decision. See "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the initial purchaser of the Bonds (the "Initial Purchaser"), subject, among other things, to the approval of the Attorney General of Texas and of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about October 29, 2026.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIP NOS.

$3,730,000 Unlimited Tax Bonds, Series 2026

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2027	$105,000	___%	___%	___	2040 (c)	$ 145,000	___%	___%	___
2028	80,000	___%	___%	___	2041 (c)	155,000	___%	___%	___
2029	85,000	___%	___%	___	2042 (c)	160,000	___%	___%	___
2030	85,000	___%	___%	___	2043 (c)	170,000	___%	___%	___
2031	90,000	___%	___%	___	2044 (c)	180,000	___%	___%	___
2032 (c)	95,000	___%	___%	___	2045 (c)	190,000	___%	___%	___
2033 (c)	100,000	___%	___%	___	2046 (c)	200,000	___%	___%	___
2034 (c)	105,000	___%	___%	___	2047 (c)	210,000	___%	___%	___
2035 (c)	110,000	___%	___%	___	2048 (c)	220,000	___%	___%	___
2036 (c)	120,000	___%	___%	___	2049 (c)	230,000	___%	___%	___
2037 (c)	125,000	___%	___%	___	2050 (c)	245,000	___%	___%	___
2038 (c)	130,000	___%	___%	___	2051 (c)	255,000	___%	___%	___
2039 (c)	140,000	___%	___%	___					

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.

(b) CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc, on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds.

(c) The 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 Provisions."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP ("Bond Counsel") for further information.

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of _____% of par, resulting in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by, and are the sole responsibility of, the Initial Purchaser.

Prices and Marketability

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

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 THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

The District has made applications to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. THE PURCHASE OF SUCH INSURANCE IS MANDATORY, and the payment of all associated costs, including the premium charged by the insurance company and fees charged by rating companies, will be at the expense of the Initial Purchaser.

MUNICIPAL BOND RATING

No application has been made for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in obtaining an investment grade rating on the Bonds had such application been made.

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OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The District	Decker Prairie Municipal Utility District (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."
The Bonds	The District is issuing $3,730,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"). The Bonds are dated October 1, 2026 (the "Dated Date"), and mature on September 1 in the years and amounts set forth on the inside cover page hereof. Interest accrues from the date of delivery, which is expected to be on or about October 29, 2026 (the "Date of Delivery"), at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption Provisions	The Bonds maturing on and after September 1, 2032, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2031, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Redemption Provisions."
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 BOKF, NA, Dallas, 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."
Source of Payment	Principal of and interest on 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. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Houston, Texas; or any other entity other than the District. See "THE BONDS – Source of Payment."
Outstanding Bonds	The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System (as defined herein): $4,210,000 Unlimited Tax Bonds, Series 2023 and $8,270,000 Unlimited Tax Bonds, Series 2025 (the "Outstanding Utility Bonds"). As of the Date of Delivery of the Bonds, $12,035,000 principal amount of such previously issued bonds for the Utility System will remain outstanding. The District has previously issued

one series of unlimited tax bonds for the purpose of acquiring or constructing the Road System (defined herein): $5,690,000 Unlimited Tax Road Bonds, Series 2024 and, as of the Date of Delivery of the Bonds, $5,450,000 principal amount of such previously issued bonds for the Road System will remain outstanding (the "Outstanding Road System Bonds" and collectively with the Outstanding Utility Bonds, the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."

Payment Record ..... The Bonds are the fourth issuance of bonded indebtedness by the District. The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.

Authority for Issuance ..... The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; an order authorizing issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"); an election held within the boundaries of the District on May 7, 2022; and an order issued by the Texas Commission on Environmental Quality (the "TCEQ") dated September 1, 2026 approving the issuance of the Bonds.

Use of Proceeds ..... Proceeds from the sale of the Bonds will be used by the District to reimburse Pulte (herein defined) and Woodmere (herein defined) for a portion of the improvements and related costs as set forth under "THE BONDS – Use and Distribution of Bond Proceeds." Additionally, proceeds from the sale of the Bonds will be used to pay developer interest, operating costs, land annexation costs and other costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

Municipal Bond Insurance ..... The District has made applications to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. THE PURCHASE OF SUCH INSURANCE IS MANDATORY, and the payment of all associated costs, including the premium charged by the insurance company and fees charged by rating companies, will be at the expense of the Initial Purchaser (herein defined).

Municipal Bond Rating ..... The District has made no application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in obtaining an investment grade rating on the Bonds had such application been made.

Qualified Tax-Exempt Obligations ..... The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

Bond Counsel ..... Sanford Kuhl Hagan Kugle Parker Kahn 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 order of the TCEQ dated September 2, 2021. The District comprises approximately 379.02 total acres and is situated entirely within Montgomery County, Texas, entirely

within the jurisdiction of Tomball Independent School District, and partially within the extraterritorial jurisdiction of the City of Houston, Texas. See "THE DISTRICT."

The District has accepted a Petition for the Addition of Land to the District (the "Petition"), which provides for the future annexation of two tracts of land–one comprising approximately 90.999 acres and the other approximately 90.946 acres–totaling approximately 181.945 acres (each, a "Tract," and collectively, the "Tracts"), all located entirely within Montgomery County. Upon Pulte's closing on each Tract, the District will proceed with annexation of the applicable Tract. As of the date hereof, the 90.999 acre tract has been formally annexed into the District, but it is not anticipated that the remaining 90.946 acre tract will be annexed prior to the Date of Delivery of the Bonds.

Location ..... The District is located in the southwest area of Montgomery County, Texas and located approximately 31.1 miles northwest of the central business district of the City of Houston, Texas. The District lies within the northwest and southwest intersection of Decker Prairie Rosehill Road and North Memory Lane and is bordered on the east by West Memory Lane and on the north by Decker Prairie Rosehill Road.

Developers..... The largest current developer in the District is Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte") wholly owned by PulteGroup, Inc ("PulteGroup"). Pulte is the developer of approximately 153.01 acres of land within the District, being marketed as Decker Farms, Rosehill Lake, and Spring Branch. Woodmere Development Co., ltd, a Texas limited partnership, wholly owned by Woodmere GP, LLC ("Woodmere", and together with Pulte, the "Developers"), is the developer of approximately 41.20 acres of land within the District, being marketed as Decker Cove and Prairie Hollow.

Development within the District ..... To date, approximately 627 single-family lots in the District have been developed on approximately 103.30 acres within the following single-family residential subdivisions: Decker Farms, Sections 1-4, Rosehill Lake and Decker Cove. To date, approximately 11 single-family lots in the District have been developed on approximately 7.8 acres within the Decker Cove subdivision. As of August 31, 2026, the District included approximately 627 completed homes (approximately 567 occupied, 60 unoccupied, and 2 model homes). Approximately 132 acres within the District are currently under construction, with Woodmere developing a combined approximately 41.20 acres within the District known as Decker Cove and Prairie Hollow, and Pulte developing approximately 57.51 acres within the District known as Spring Branch. The remainder of the land within the District includes approximately 15.29 remaining developable acres and approximately 169.52 undevelopable acres for right-of-way, drainage and detention, water plants, landscape, utilities, and open space.

Homebuilders within the District	Pulte and Woodmere are the only active homebuilders in the District. New homes being constructed in the District range in price from approximately $225,000 to $430,000 and in size from approximately 1,204 to 2,975 square feet. See "DEVELOPMENT OF THE DISTRICT."

RISK FACTORS

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2026 Taxable Assessed Valuation	$155,120,530	(a)
Direct Debt		
Outstanding Debt	$ 17,485,000	
The Bonds	$ 3,730,000	
Total	$ 21,215,000	
Estimated Overlapping Debt	$ 10,096,303	(b)
Total Direct and Estimated Overlapping Debt	$ 31,311,303	(b)
Direct Debt Ratios:		
As a Percentage of the 2026 Taxable Assessed Valuation	13.68 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2026 Taxable Assessed Valuation	20.29 %	
Utility System Debt Service Fund Balance (as of August 25, 2026)	$ 986,508	(c)
Road System Debt Service Fund Balance (as of August 25, 2026)	$ 693,394	(d)
Operating Fund Balance (as of August 25, 2026)	$ 295,285	
2026 Tax Rate		
Utility Debt Service	$0.755	
Road Debt Service	$0.240	
Maintenance and Operations	$0.505	
Total	$1.500	(e)
Estimated Average Annual Debt Service Requirement (2027–2051)	$1,634,297	(f)
Estimated Maximum Annual Debt Service Requirement (2048)	$1,777,150	(f)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement (2027–2051) at 95% Tax Collections Based on 2026 Taxable Assessed Valuation	$1.11	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement (2048) at 95% Tax Collections Based on 2026 Taxable Assessed Valuation	$1.20	

(a) Represents the taxable amount of the certified assessed valuation of taxable property in the District as of January 1, 2026, as provided by the Montgomery Central Appraisal District (the "Appraisal District"). Such amount includes $981,938 of uncertified value. See "TAX DATA" and "TAXING PROCEDURES."

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

(c) Neither Texas law nor the Bond Order (herein defined) requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (herein defined).

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined), such as the Bonds.

(e) The District has published a total tax rate of 1.50 per $100 of assessed valuation for the 2026 tax year. This consists of $0.755 per $100 of assessed value for Utility Debt Service, $0.240 per $100 of assessed value for Road Debt Service and $0.505 per $100 of assessed value for maintenance and operations.

(f) Estimated requirement of debt service on the Outstanding Bonds and the Bonds, assuming an estimated 5.25% interest rate on the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."

$3,730,000

DECKER PRAIRIE MUNICIPAL UTILITY DISTRICT

UNLIMITED TAX BONDS

SERIES 2026

This Preliminary Official Statement provides certain information with respect to the issuance by Decker Prairie Municipal Utility District (the "District") of its $3,730,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; an order authorizing issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"); an election held within the boundaries of the District on May 7, 2022; and an order issued by the Texas Commission on Environmental Quality (the "TCEQ") dated September 1, 2026 approving the issuance of the Bonds.

This Preliminary Official Statement includes descriptions of the Bonds, the Developers (herein defined), the Bond Order, 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056, upon payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas; Montgomery County, Texas; the City of Houston, Texas; or any entity 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 District is situated in the Houston, Texas metropolitan area, and the rate of development of the District is directly related to the vitality of the residential housing industry in said metropolitan area. 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 could 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.

Undeveloped Acreage and Vacant Lots: There are approximately 15.29 developable acres that have not yet been provided with water distribution, wastewater collection, and storm drainage facilities as of August 31, 2026. The District makes no representation as to when or if the undeveloped land will be developed or if construction of homes or vacant lots will occur. Failure of the Developers to develop the developable land or to build homes on the developed lots could restrict the rate of growth of taxable value in the District. See "DEVELOPMENT OF THE DISTRICT."

The Developers: There is no commitment by, or legal requirement of the Developers or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or the Developers 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 could 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 and the Developers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt-service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2026, the District's principal taxpayers owned property located within the District the aggregate taxable assessed valuation of which comprised approximately 5.31% of the District's total assessed valuation. Pulte Homes of Texas, L.P. ("Pulte"), the District's primary developer within the District, owns approximately 0.64% of the District's 2026 Taxable Assessed Valuation. Woodmere (defined herein), a second developer within the District owns approximately 0.58% of the District's 2026 Taxable Assessed Valuation. See "THE DEVELOPERS."

In the event that the Developers, any other 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 Order 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 2026 Taxable Assessed Valuation of all taxable property located within the District is $155,120,530. See "TAX DATA."

After issuance of the Bonds, the estimated maximum annual debt service requirement on the Outstanding Bonds and the Bonds (2048) will be $1,777,150, and the estimated average annual debt service requirement on the Outstanding Bonds and the Bonds (2027–2051) will be $1,634,297. Assuming no decrease to the District's 2026 Taxable Assessed Valuation, combined tax rates of $1.20 and $1.11 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service 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.

Increase in Costs of Building Materials

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

Competitive Nature of Residential Housing Market

The housing industry in the Houston, Texas metropolitan area is very competitive, and the District can give no assurance that the building programs which are planned by the Developers or any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other Developers 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.

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 (2) years of foreclosure for residential homestead and agricultural use property and within twelve (12) 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 taxpayer's 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 ("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 Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default, and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Marketability

The District has no understanding with the initial purchaser of the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds (other than the hold-the-offering-price rule restrictions described in the Official Notice of Sale) and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

At an election held within the District on May 7, 2022, voters of the District authorized the District's issuance of: $87,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the "Utility System"); $71,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"); $20,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System"); $131,250,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; $106,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System; and $30,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Park System.

The Bonds represent the fourth series of bonds issued by the District. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $71,290,000 for the Utility System; $65,310,000 for the Road System; $20,000,000 for the Park System; $131,250,000 for the refunding of bonds issued by the District for the Utility System; $106,500,000 for the refunding of bonds issued by the District for the Road System; and $30,000,000 for the refunding of bonds issued by the District for the Park System.

According to the Engineer (herein defined), following the reimbursement from the proceeds of the Bonds, the District will owe approximately $3,450,246 to Pulte and approximately $119,263 to Woodmere, for their respective expenditures to construct the Utility System, the Road System, and the 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.

Approval of the Bonds

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

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

The Bond Order 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."

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by a 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 of the District or an increase in the District's tax rate. See 'TAXING PROCEDURES – Valuation of Property for Taxation."

There can be no assurance that a casualty 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 would be adversely affected. There can be no assurance the District will not sustain damage from meteorological events.

National Weather Service Atlas 14 Rainfall Study

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based 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.

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.

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 Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("CGP"), with an effective date of March 5, 2023, which is a general

permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

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

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

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

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.

The 90th Texas Legislature

The regular sessions of the 90th Texas Legislature (the "Legislature") is scheduled to commence on January 12, 2027. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. Texas Governor Greg Abbott has identified on his agenda property tax relief as a legislative priority. The District cannot predict the likelihood of legislative property tax reform at the legislative level or the impacts therefrom, if implemented.

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. THE PURCHASE OF SUCH INSURANCE IS MANDATORY. The following are risk factors relating to the purchase of bond insurance.

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

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

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

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

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

Neither the District or Initial Purchaser has made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATING." herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon written request made to Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056.

The Bonds are dated October 1, 2026 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on or about October 29, 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 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, BOKF, NA, Dallas, 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, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and its book entry system (the "Book-Entry-Only System") has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants (herein defined), (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 (herein defined), 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, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or 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 Book-Entry-Only System for 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-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

Provision is made in the Bond Order 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.

Outstanding Bonds

The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System: $4,210,000 Unlimited Tax Bonds, Series 2023 and $8,270,000 Unlimited Tax Bonds, Series 2025 (the "Outstanding Utility Bonds"). As of the Date of Delivery of the Bonds, $12,035,000 principal amount of such prior indebtedness will remain outstanding. The District has previously issued one series of unlimited tax bonds for the purpose of acquiring or constructing the Road System: $5,690,000 Unlimited Tax Road Bonds, Series 2024 and, as of the Date of Delivery of the Bonds, $5,450,000 principal amount of such previously issued bonds for the Road System will remain outstanding (the "Outstanding Road System Bonds" and collectively with the Outstanding Utility Bonds, the "Outstanding Bonds").

Payment Record

The Bonds are the fourth issuance of bonded indebtedness by the District. The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.

Funds

The Bond Order confirms the creation of a fund for debt service on bonds issued for the Utility System, the Outstanding Bonds issued for the Utility System, and any additional unlimited tax bonds issued by the District for the Utility System (the "Utility System Debt Service Fund"). The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Bonds issued for the Utility System, and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the Utility System payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Outstanding Bonds issued for the Utility System, and any additional bonds issued for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

The District maintains a fund for debt service on bonds issued for the Road System, such as the Outstanding Bonds issued for the Road System, and any additional unlimited tax bonds issued by the District for the Road System (the "Road System Debt Service Fund"). The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the bonds for the Road System, and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the District's duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Road System Bonds and any additional bonds issued for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the Utility System, including the Bonds.

Redemption Provisions

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. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain

maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and 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

At an election held within the District on May 7, 2022, voters of the District authorized the District's issuance of: $87,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $71,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $20,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System; $131,250,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Utility System; $106,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System; and $30,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Park System.

Election Date	Purpose	Amount Authorized	Issued to Date	The Bonds	Remaining Unissued
5/7/2022	Utility	$ 87,500,000	$ 12,480,000	$ 3,730,000	$ 71,290,000
5/7/2022	Roads	$ 71,000,000	$ 5,690,000		$ 65,310,000
5/7/2022	Parks	$ 20,000,000			$ 20,000,000
5/7/2022	Refunding Utility	$ 131,250,000			$ 131,250,000
5/7/2022	Refunding Park	$ 30,000,000			$ 30,000,000
5/7/2022	Refunding Roads	$ 106,500,000			$ 106,500,000
		$446,250,000	$18,170,000	$3,730,000	$424,350,000

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; the Bond Order; an election held within the boundaries of the District on May 7, 2022; and an order of the TCEQ dated September 1, 2026.

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 located within the District. In the Bond Order, 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, and certain fees. Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund and used solely to pay principal of and interest on the Bonds, and any additional bonds payable from taxes that may be issued for the Utility System, and fees of the Paying Agent/Registrar.

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

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 Dallas, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of

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

Issuance of Additional Debt

The Bonds represent the fourth series of bonds issued by the District for the purpose of acquiring or constructing the Utility System or Road System. After the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $71,290,000 for the Utility System; $65,310,000 for the Road System; $20,000,000 for the Park System; $131,250,000 for the refunding of bonds issued by the District for the Utility System; $106,500,000 for the refunding of bonds issued by the District for the Road System; and $30,000,000 for the refunding of bonds issued by the District for the Park System. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order 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 for the Utility System or for the Park System, approved by the TCEQ).

According to the Engineer, following the reimbursement from the proceeds of the Bonds, the District will owe approximately $3,450,246 to Pulte and approximately $119,263 to Woodmere, for their respective expenditures to construct the Utility System, the Road System, and the Park System.

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 bonds for such purpose; and (d) approval of bonds, if any, by the Attorney General of Texas.

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

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.

Annexation

Chapter 42, Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any municipality comprises that municipality's extraterritorial jurisdiction ("ETJ"). The size of an ETJ depends in part on the municipality's population. With certain exceptions, a municipality may annex territory only within the confines of its ETJ. When a municipality annexes additional territory, the municipality's ETJ expands in conformity with such annexation.

The District partially lies within the ETJ of the City, a home rule municipality. The District may not be annexed for full purposes by the City except as may be specifically authorized by Chapter 43, Texas Local Government Code, as amended. Any authorized annexation is subject to compliance by the City with various requirements of Chapter 43, Texas Local Government Code. Such requirements include the requirement that the City hold an election in the District whereby the qualified voters of the District approve the proposed annexation. Further, if the voters in the area to be annexed do not own more than 50% of the land in the area, a petition signed by more than 50% of the landowners consenting to the annexation is also required. If the District is annexed, the City must assume the District's assets and obligations (e.g., the Bonds) and abolish the District within ninety (90) days of the date of annexation. 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 the 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.

Defeasance

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

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used by the District to reimburse the Developers (herein defined) for a portion of the improvements and related costs as set forth below. Additionally, proceeds from the sale of the Bonds will be used to pay developer interest, land annexation costs, operating costs and other costs associated with the issuance of the Bonds.

Construction Costs	District's Share
A. Developer Contribution Items	
1. Decker Farms Section 1 - Drainage	$ 106,673
2. Rosehill Lake – Drainage	460,446
3. Decker Farms Section 2 – Drainage	778,929
4. Decker Farms Section 3 – Drainage	483,312
5. Decker Farms Section 4 – Drainage	412,906
6. Engineering & Testing (16.97% of Items 1 - 5)	380,487
7. Storm Water Pollution Prevention (4.93% of Items 1 - 5)	110,649
8. Drainage Impact & Feasibility Analyses	67,809
Total Developer Contribution Items	$ 2,801,211
B. District Items	
Less Surplus Funds Applied	(245,565)
Total Construction Costs (73.24% of BIR)	$ 2,555,646
Non-Construction Costs	
A. Legal Fees (2.90%)	$ 108,250
B. Fiscal Agent Fees (2.00%)	74,600
C. Developer Interest	544,751
D. Bond Discount (3.00%)	111,900
E. Bond Issuance Expenses	48,252
F. Land Annexation Costs	42,641
G. Operating Costs (3.37%)	180,905
H. Bond Application Report Costs	50,000
I. Attorney General Fee (0.10%)	3,730
J. TCEQ Bond Issuance Fee (0.25%)	9,325
Total Non-Construction Costs	$ 1,174,354
TOTAL BOND ISSUE REQUIREMENT	**$ 3,730,000**

The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, limited, however, to the purposes for which the Bonds were issued. 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.

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the TCEQ, dated September 2, 2021, and by a confirmation election held within the District on May 7, 2022. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended, and other general laws of the State of Texas applicable to municipal utility districts and is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District also is authorized to construct and finance roads as well as construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes.

Description

The District comprises approximately 379.02 total acres and is located in the southwest area of Montgomery County, Texas and located approximately 31.1 miles northwest of the central business district of the City of Houston, Texas. The District lies within the northwest and southwest intersection of Decker Prairie Rosehill Road and North Memory Lane and is bordered on the east by West Memory Lane and on the north by Decker Prairie Rosehill Road.

The District has accepted a Petition for the Addition of Land to the District (the "Petition"), which provides for the future annexation of two tracts of land—one comprising approximately 90.999 acres and the other approximately 90.946 acres—totaling approximately 181.945 acres (each, a "Tract," and collectively, the "Tracts"), all located entirely within Montgomery County. Upon Pulte's closing on each Tract, the District will proceed with annexation of the applicable Tract. As of the date hereof, the 90.99 acre tract has been formally annexed into the District, but it is not anticipated that the remaining 90.946 acre tract will be annexed prior to the Date of Delivery of the Bonds.

Management of the District

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

Name	Position	Term Expires May
Harris Pratka	President	2028
John Bonner	Vice President	2030
Brian Gates	Secretary	2030
Will Holstien	Assistant Secretary	2028
Jim Grover	Assistant Secretary	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 "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 and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Consultants

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

Tax Assessor/Collector: The tax assessor/collector for the District is Utility Tax Service, LLC (the "Tax Assessor/Collector").

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting.

Auditor: The District engaged McGrath & Co., PLLC, to audit its financial statements for the fiscal year ended September 30, 2025. Said financial statements are attached hereto as "APPENDIX A."

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

Bond Counsel and General Counsel: The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn 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 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: McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: Cedar Creek Municipal Advisors, LLC is engaged as financial advisor to the District in connection with the issuance of the Bonds (the "Financial Advisor"). 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.

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DEVELOPMENT OF THE DISTRICT

Status of Development within the District

To date, approximately 627 single-family lots in the District have been developed on approximately 103.30 acres within the following single-family residential subdivisions: Decker Farms, Sections 1-4, Rosehill Lake and Decker Cove. To date, approximately 11 single-family lots in the District have been developed on approximately 7.8 acres within the Decker Cove subdivision. As of August 31, 2026, the District included approximately 627 completed homes (approximately 567 occupied, 60 unoccupied, and 2 model homes). Approximately 132 acres within the District are currently under construction, with Woodmere developing a combined approximately 41.20 acres within the District known as Decker Cove and Prairie Hollow, and Pulte developing approximately 57.51 acres within the District known as Spring Branch. The remainder of the land within the District includes approximately 15.29 remaining developable acres and approximately 169.52 undevelopable acres for right-of-way, drainage and detention, water plants, landscape, utilities, and open space.

	Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Decker Farms, Section 1	26.01	147	147	0	0
Decker Farms, Section 2	25.81	141	141	0	0
Decker Farms, Section 3	13.24	92	92	0	0
Decker Farms, Section 4	10.85	80	80	0	0
Rosehill Lake	19.59	112	112	0	0
Decker Cove	7.80	55	11	6	38
Totals	103.30	627	583	6	38

Under Construction	
Prairie Hollow	33.40
Spring Branch	57.51
Total	194.21
Undevelopable	169.52
Remaining Developable	15.29
District Total	379.02

Homebuilders within the District

Pulte and Woodmere are the only active homebuilders in the District. New homes being constructed in the District range in price from approximately $225,000 to $430,000 and in size from approximately 1,204 to 2,975 square feet.

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PHOTOGRAPHS TAKEN IN THE DISTRICT

(September 2026)

THE DEVELOPERS

Role of the Developers

In general, the activities of a Developers 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 Developers will be required to pay up to thirty percent of the cost of constructing certain water, wastewater and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failures of the Developers 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. The Developers are 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.

Prospective purchasers of the Bonds should note that the prior real estate experience of the developers should not be construed as an indication that further development within the District will occur, or construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilder, geographic location, market conditions, and regulatory climate.

Neither the Developers, nor any affiliate entity, are obligated to pay principal of or interest on the Bonds. Furthermore, neither of the Developers nor any of their affiliate entities has a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developers or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developers

The largest current developer in the District is Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte") wholly owned by PulteGroup, Inc ("PulteGroup"). Pulte is the developer of approximately 186.449 acres of land within the District, being marketed as Decker Farms, Rosehill Lake, and Spring Branch. Woodmere Development Co., ltd, a Texas limited partnership, wholly owned by Woodmere GP, LLC ("Woodmere", and together with Pulte, the "Developers"), is the developer of approximately 41.20 acres of land within the District, being marketed as Decker Cove and Prairie Hollow.

PulteGroup is one of the largest homebuilders in the United States with operations in over 40 major cities. PulteGroup's stock is publicly traded on the New York Stock Exchange under the ticker symbol "PHM". There is no financing associated with Pulte's acquisition of land or the development of the property in the District; the acquisition and development costs are paid with cash from PulteGroup.

Financial Information Regarding PulteGroup, Inc.: PulteGroup, Inc. files annual, quarterly, and current reports, proxy statements, and other information with the SEC. PulteGroup, Inc.'s SEC filings are available to the public over the internet at the SEC's website at http://www.sec.gov. You may also read and copy any document that has been filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, PulteGroup, Inc. makes available on its website http://www.pultegroupinc.com its annual reports on form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on PulteGroup, Inc.'s website, available by hyperlink from PulteGroup, Inc.'s website or on the SEC's website, is not incorporated into this Official Statement. The District has not obtained any representations from

PulteGroup, Inc. concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

The Developers are not legally obligated to provide funds or other financial support for the development of the District, to provide funds to pay taxes on property within the District, or to pay any other obligations of the District. Developers are not responsible for, is not liable for, or has not made any commitment for, payment of the Bonds or other obligations of the District, other than its obligation to pay taxes by virtue of its ownership of land within the District, and any reference to or inclusion of financial information, statements or description of financial arrangements does not imply otherwise. The Developers have no legal commitment to the District or to the owners of the Bonds to continue to develop land within the District. The Developers may sell or otherwise dispose of their property within the District, or any other assets, at any time.

THE ROAD SYSTEM

The roads within the District vary in width in accordance with standards adopted by Montgomery County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District. Montgomery County owns and maintains the roads within the District.

THE UTILITY SYSTEM

Regulation

Construction and operation of the water, sanitary sewer, and storm drainage system serving the District, as it now exists or as it may be expanded from time to time, is subject to regulatory jurisdiction of federal, state, and local authorities. The TCEQ exercises continuing, supervisory authority over the water and sanitary service serving the District. Construction of water, sanitary sewer, and storm drainage facilities is subject to the regulatory authority of the District and the County. The TCEQ also exercises regulatory jurisdiction over portions of the water and sanitary sewer facilities.

Water Supply

The District obtains its water supply from Quadvest, L.P., the holder of that certain Certificate of Convenience and Necessity No. 11612 ("CCN No. 11612") for water supply and distribution of a water supply system in the County.

Under an agreement with the District, Quadvest, L.P. agrees to provide retail water service to the residential subdivision of Decker Farms and Rosehill Lake, and the District agrees to purchase ± 630 equivalent single-family connections ("esfc") of capacity in the water supply system owned by Quadvest, L.P, which is sufficient to serve full build out of the residential subdivision of Decker Farms and Rosehill Lake. The District's water supply is currently capable of serving 693 esfc, which is sufficient to serve the District's current connections.

Under an agreement with Woodmere, which is assignable to the District, Quadvest, L.P. agrees to provide retail water service to the residential subdivisions of Decker Cove and Prairie Hollow and Woodmere agrees to purchase 295 esfc of capacity in the water supply system owned by Quadvest, L.P., which is sufficient to serve full build out of the residential subdivisions of Decker Cove and Prairie Hollow. The capacity is being expanded to serve 1,000 esfc, which is sufficient to serve Decker Farms, Rosehill Lake, Decker Cove, and Prairie Hollow.

The residential subdivision of Spring Branch will obtain its water supply from Dobbins Plantersville Water Supply Corporation ("Dobbins WSC"). Under an agreement with the Pulte, which is assignable to the District, Dobbins WSC agrees to provide retail water service to the residential subdivision of Spring Branch, and the District agrees to purchase 600 living unit equivalents in the water supply system owned by Dobbins WSC which will be sufficient to serve full build out of the residential subdivision of Spring Branch.

Wastewater Treatment

The District obtains its wastewater treatment through CCN No. 11612. Under an agreement between Quadvest L.P. and the District, the District purchases wastewater capacity capable of serving ± 630 esfc, which is sufficient to serve full build out of the residential subdivision of Decker Farms and Rosehill Lake . The District's wastewater capacity is currently capable of serving 625 esfc, which is sufficient to serve the District's current connections.

Under an agreement with Woodmere, which is assignable to the District, Quadvest, L.P. agrees to provide retail wastewater service to the residential subdivisions of Decker Cove and Prairie Hollow and Woodmere agrees to purchase wastewater capacity capable of serving 295 esfc, which is sufficient to serve full build out of the residential subdivisions of Decker Cove and Prairie Hollow. Construction is currently underway to expand capacity to serve 1,250 esfc, which is sufficient to serve Decker Farms, Rosehill Lake, Decker Cove, and Prairie Hollow.

Wastewater treatment service for the residential subdivision of Spring Branch will be provided by an interim wastewater treatment plant to be leased and operated by the District, with capacity sized to adequately serve the subdivision. Design and permitting for the interim plant are currently underway.

Storm Water Drainage

Natural drainage patterns generally slope from the District to Spring Creek. Storm-water runoff is collected by curb and gutter streets that tie into a system of underground storm sewer lines that flow into detention and outfall to Spring Creek.

100-Year Flood Plain

According to the District's Engineer, none of the acres within the District fall within the 100-year flood plain.

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 within the expanded boundaries of the floodplain.

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General Fund Operating Statement

The following is a summary of the District's operating fund. The figures for fiscal years ended September 30, 2022 through September 30, 2025, were obtained from the District's annual financial reports, reference to which is hereby made. See "APPENDIX A." The figures below for the fiscal year ended September 30, 2026, are unaudited and were obtained for inclusion herein based on reports from the District's bookkeeper.

	Fiscal Year End, September 30				
	2026 (a)	2025	2024	2023	2022
Revenues					
Water Service	$ –	$ –	$ 30	$ 105,685	$ –
Sewer Service	–	–	156,084	134,850	–
Property Taxes	382,921	548,084	425,545	30,811	–
Penalties and Interest	–	–	9,784	3,325	–
Tap Connections and Inspection	–	–	62,410	219,060	–
Miscellaneous	–	140	–	6,485	–
Investment Earnings	12,519	20,465	6,486	70	–
Total Revenues	$ 395,441	$ 568,689	$ 660,339	$ 500,286	$ –
Expenditures					
Purchased Services	$ 8,527	$ –	$ 169,433	$ 262,765	$ –
Professional Fees	222,111	170,257	112,295	168,398	100,681
Contracted Services	44,682	33,440	143,243	277,739	46,413
Repairs and Maintenance	109,836	143,849	119,997	197,425	–
Administrative	14,890	17,892	20,208	15.351	15,049
Capital Outlay	–	108,763	161,297	91,000	
Other	$ 272	6,121	5,646	9,155	2,214
Total Expenditures	$ 400,318	$ 480,322	$ 732,119	$ 1,021,833	$ 164,357
Revenues Over (Under) Expenditures	$ (4,877)	$ 88,367	$ (71,780)	$ (521,547)	$ (164,357)
Other Financing Sources					
Developer Advances	$ –	$ –	$ –	$ 813,782	$ 125,000
Transfer from Capital Projects Fund	$ –	$ –	$ 77,660		
Net Change in Fund Balance	$ (4,877)	$ 88,367	$ 5,880	$ 292,235	$ (39,357)
Fund Balance, Beginning of Year	$ 347,125	$ 258,758	$ 252,878	$ (39,357)	$ –
Fund Balance, End of Year	$ 342,248	$ 347,125	$ 258,758	$ 252,878	$ (39,357)

(a) Unaudited figures from the District's bookkeeping report as of August 25, 2026.

DISTRICT DEBT

General

2026 Taxable Assessed Valuation	$155,120,530	(a)
Direct Debt		
Outstanding Debt	$ 17,485,000	
The Bonds	$ 3,730,000	
Total	$ 21,215,000	
Estimated Overlapping Debt	$ 10,096,303	(b)
Total Direct and Estimated Overlapping Debt	$ 31,311,303	(b)
Direct Debt Ratios:		
As a Percentage of the 2026 Taxable Assessed Valuation	13.68 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2026 Taxable Assessed Valuation	20.29 %	
Utility System Debt Service Fund Balance (as of August 25, 2026)	$ 986,508	(c)
Road System Debt Service Fund Balance (as of August 25, 2026)	$ 693,394	(d)
Operating Fund Balance (as of August 25, 2026)	$ 295,285	
2026 Tax Rate		
Utility Debt Service	$0.755	
Road Debt Service	$0.240	
Maintenance and Operations	$0.505	
Total	$1.500	(e)
Estimated Average Annual Debt Service Requirement (2027–2051)	$1,634,297	(f)
Estimated Maximum Annual Debt Service Requirement (2048)	$1,777,150	(f)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service Requirement (2027–2051) at 95% Tax Collections Based on 2026 Taxable Assessed Valuation	$1.11	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement (2048) at 95% Tax Collections Based on 2026 Taxable Assessed Valuation	$1.20	

(a) Represents the taxable amount of the certified assessed valuation of taxable property in the District as of January 1, 2026, as provided by the Montgomery Central Appraisal District (the "Appraisal District"). Such amount includes $981,938 of uncertified value. See "TAX DATA" and "TAXING PROCEDURES."

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

(c) Neither Texas law nor the Bond Order (herein defined) requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (herein defined).

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined), such as the Bonds.

(e) The District has published a total tax rate of 1.50 per $100 of assessed valuation for the 2026 tax year. This consists of $0.755 per $100 of assessed value for Utility Debt Service, $0.240 per $100 of assessed value for Road Debt Service and $0.505 per $100 of assessed value for maintenance and operations.

(f) Estimated requirement of debt service on the Outstanding Bonds and the Bonds, assuming an estimated 5.25% interest rate on the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds and the estimated principal and interest requirements for the Bonds, assuming the Bonds are issued at an interest rate of 5.25% per annum.

Year Ending 12/31	Outstanding Debt Debt Service	The Bonds Principal	The Bonds Interest	Total New Debt Service	Total Debt Service
2027	$ 1,462,059	$ 105,000	$ 164,275	$ 269,275	$ 1,731,334
2028	1,452,453	80,000	190,313	270,313	1,722,765
2029	1,451,578	85,000	186,113	271,113	1,722,690
2030	1,448,853	85,000	181,650	266,650	1,715,503
2031	1,440,299	90,000	177,188	267,188	1,707,486
2032	1,430,068	95,000	172,463	267,463	1,697,530
2033	1,435,355	100,000	167,475	267,475	1,702,830
2034	1,434,430	105,000	162,225	267,225	1,701,655
2035	1,434,643	110,000	156,713	266,713	1,701,355
2036	1,443,499	120,000	150,938	270,938	1,714,436
2037	1,450,393	125,000	144,638	269,638	1,720,030
2038	1,450,511	130,000	138,075	268,075	1,718,586
2039	1,459,111	140,000	131,250	271,250	1,730,361
2040	1,470,274	145,000	123,900	268,900	1,739,174
2041	1,468,511	155,000	116,288	271,288	1,739,799
2042	1,469,924	160,000	108,150	268,150	1,738,074
2043	1,473,830	170,000	99,750	269,750	1,743,580
2044	1,485,306	180,000	90,825	270,825	1,756,131
2045	1,488,994	190,000	81,375	271,375	1,760,369
2046	1,489,569	200,000	71,400	271,400	1,760,969
2047	1,502,575	210,000	60,900	270,900	1,773,475
2048	1,507,275	220,000	49,875	269,875	1,777,150
2049	1,178,938	230,000	38,325	268,325	1,447,263
2050	795,250	245,000	26,250	271,250	1,066,500
2051		255,000	13,388	268,388	268,388
	$ 34,123,694	$ 3,730,000	$ 3,003,738	$ 6,733,738	$ 40,857,432

Estimated Average Annual Debt Service Requirement (2027–2051) ..... $ 1,634,297

Estimated Maximum Annual Debt Service Requirement (2048) ..... $ 1,777,150

[*Remainder of this page intentionally left blank.*]

Direct and Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt August 31, 2026	Overlapping Debt Percent	Overlapping Debt Amount
Montgomery County	$ 535,450,000	0.14%	$ 763,196
Tomball Independent School District	1,053,680,000	0.89%	9,375,498
Lone Star College System District	338,975,000	0.05%	150,078
Total Estimated Overlapping Debt			$ 10,096,303
Direct Debt (a)			$ 21,215,000
Total Direct and Estimated Overlapping Debt (a)			$ 31,311,303

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratios of Direct Debt (a):
As a Percentage of 2026 Taxable Assessed Valuation..... 13.68 %

Ratios of Direct and Estimated Overlapping Debt (a):
As a Percentage of 2026 Taxable Assessed Valuation..... 20.29 %

(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, and any additional bonds payable from taxes that the District may hereafter issue for the Utility System (and to pay the expenses of assessing and collecting such taxes). See "RISK FACTORS – Future Debt." The Board is also authorized to levy an annual ad valorem tax rate, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on the Outstanding Bonds issued for the Road System and on any bonds payable from taxes that the District may hereafter issue for the Road System and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully 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 District. See "TAX DATA – Maintenance and Operations Taxes."

Property Tax Code and County-Wide Appraisal District

The Texas Property 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 Montgomery Central Appraisal District (the "Appraisal District"). The Appraisal District has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the Montgomery 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

General: 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 the District. The District may be required to offer such exemptions if a majority of voters approve same at an election, which the District would be required to call upon petition by twenty percent (20%) of the 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 at no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption is transferrable 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 of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2011 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft, and special inventory. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has not taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the 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 ten percent (10%) 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 Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2025 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2025 tax year, through December 31, 2026, the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum

Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

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 that 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.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code classifies municipal utility districts differently based on the current maintenance and operations tax rate or on the percentage of projected build-out that the District has completed. Districts that have adopted a maintenance and operations tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by 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 in the district, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose 1.08 times the amount of maintenance and operations tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Property Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose 1.035 times the amount of maintenance and operations tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or the President of the United States (the "President"), 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 maintenance and operations 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the maintenance and operations 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 the maintenance and operations tax rate that would impose 1.08 times the amount of maintenance and operations tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

The District

For the 2026 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

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, 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 and operations 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 twenty percent (20%) penalty for collection costs. A delinquent tax on personal property incurs an additional twenty percent (20%) penalty, 60 days after the date the taxes become delinquent (April 1). For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. 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, may be rejected.

Property owners affected by a disaster may pay property taxes in four equal installments following the disaster. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time they own or occupy the property as their residential homestead.

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." In the Bond Order, the Board covenants 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 "RISK FACTORS."

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance and Operation – General:	$1.50 per $100 taxable assessed valuation.
Maintenance and Operation – Parks & Recreation:	$0.10 per $100 taxable assessed valuation.

Maintenance and Operations Taxes

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 and operations tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance and operations tax in an amount not to exceed $1.50 per $100 of assessed valuation. For the 2026 tax year, the District anticipates levying a tax in the amount of $0.505 per $100 of assessed valuation for maintenance and operations purposes. See "Tax Rate Distribution" below.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

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 twenty percent (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

The following table illustrates the tax collection history of the District for the 2022–2026 tax years:

Tax Year	Certified Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year	Current Year Ending 9/30	Collections 09/30/2025
2022	$ 2,054,065	1.50	$ 30,811	100.00%	2023	100.00%
2023	36,293,187	1.50	544,398	95.27	2024	98.54
2024	78,388,742	1.50	1,175,831	99.87	2025	99.88
2025	120,732,025	1.50	1,810,980	98.70	2026	98.70
2026	154,138,592	1.50	2,312,079	(a)	2027	(a)

(a) In the process of collections. 2026 taxes are due January 31, 2027.

Tax Rate Distribution

The following table sets out the components of the District's tax levy for each of the 2022–2026 tax years.

Tax Year	2026	2025	2024	2023	2022
Road Debt Service	$ 0.240	$ 0.450	$ 0.485		
Utility Debt Service	0.755	0.750	0.420		
M&O	0.505	0.300	0.595	$ 1.500	$ 1.500
Total	$ 1.500 (a)	$ 1.500	$ 1.500	$ 1.500	$ 1.500

(a) The District has published a total tax rate of 1.50 per $100 of assessed valuation.

Analysis of Tax Base

The following represents the types of property comprising the District taxable assessed value for each of the 2022–2026 tax years.

Type of Property	2026 Taxable Assessed Valuation (a)	2025 Taxable Assessed Valuation	2024 Taxable Assessed Valuation	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation
Land	$ 32,749,485	$ 27,627,891	$ 22,343,117	$ 16,209,210	$ 2,054,065
Improvements	127,514,789	98,814,669	58,162,955	20,441,708	–
Personal Property	3,135,633	1,580,682	382,769	33,021	–
Exemptions	(9,261,315)	(7,238,217)	(2,500,098)	(390,752)	–
Total	$ 154,138,592	$ 120,732,025	$ 78,388,742	$ 36,293,187	$ 2,054,065

(a) Does not include $981,938 of uncertified value.

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2026:

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	Percent of District 2026 Value
BGM Land Investments LTD(a)	Land & Improvements	$ 2,689,500	1.76%
Pulte Homes of Texas LP (b)	Land & Improvements	972,712	0.64%
Woodmere Development Co. LTD (b)	Land & Improvements	895,567	0.59%
Homeowner	Land & Improvements	727,273	0.48%
Homeowner	Land & Improvements	551,004	0.36%
Homeowner	Land & Improvements	537,383	0.35%
Homeowner	Land & Improvements	507,407	0.33%
Homeowner	Land & Improvements	490,367	0.32%
Homeowner	Land & Improvements	439,000	0.29%
Homeowner	Land & Improvements	419,469	0.27%
		$ 8,229,682	5.31%

(a) BGM Land Investments LTD serves as a land bank for Woodmere, a developer within the District. See "THE DEVELOPERS."
(b) See "THE DEVELOPERS."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the District's 2026 Taxable Assessed Valuation ($155,120,530).The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Estimated Average Annual Debt Service Requirement (2027–2051) ..... $ 1,634,297
Debt Service Tax Rate of $1.11 on the 2026 Taxable Assessed Valuation produces ..... $ 1,635,746

Estimated Maximum Annual Debt Service Requirement (2048) ..... $ 1,777,150
Debt Service Tax Rate of $1.20 on the 2026 Taxable Assessed Valuation produces ..... $ 1,783,110

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 – Direct and Estimated 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 2025 Tax Rates 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. 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
Montgomery County	$ 0.377000
Montgomery County Hospital District	0.047300
Montgomery County Emergency Services District No. 10	0.092000
Tomball Independent School District	1.062900
Lone Star College System District	0.106000
The District (a)	1.500000
Total	$ 3.185200

(a) The District has published a total tax rate of 1.50 per $100 of assessed valuation for the 2026 tax year.

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 limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the federal alternative minimum tax.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheadings "– Book-Entry-Only System" and "– 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.

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.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President or Vice President and Secretary or any Assistant Secretary of the Board, concurrently with delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and 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

In the opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Code, as amended) for the purpose of determining the alternative minimum tax imposed on corporations. The statutes, regulations published rulings, and court decisions on which such opinion, is based are subject to change.

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest.

The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

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

Possible Tax Legislation

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

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having

amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Certificate, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Qualified Tax-Exempt Obligations

The District will designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code, as amended. The District will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District, and entities subordinate to the District under the Code, during calendar year 2026 is not expected to exceed $10,000,000 and that the District and entities subordinate to the District have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026. Pursuant to Section 265 of the Code, a qualifying financial institution may be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated bank-qualified investments. Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, 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 agreement for so long as it remains obligated 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 (the "MSRB") or any successor to its function as a repository, through its Electronic Municipal Market Access ("EMMA") system, available at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data to the EMMA annually.

The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," and "APPENDIX A." The District will update and provide this information within six (6) months after the end of each of its fiscal years.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the "Bond Order" or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's fiscal year end is currently September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the 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; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect bondholders, 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, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "CONTINUING DISCLOSURE OF INFORMATION – 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 specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of 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 Undertaking

The Bonds are the fourth issuance of bonded indebtedness by the District. The District has complied in all material respects with the continuing disclosure agreements entered into pursuant to SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developers, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, 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.

Experts

The information contained in this Official Statement relating to engineering and to the description of the Road System and the Utility System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Description," "DEVELOPMENT OF THE DISTRICT – Status of Development within the District," "THE ROAD SYSTEM," and "THE UTILITY SYSTEM," has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

The information contained in this 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 the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements, and other sources that 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 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 Decker Prairie Municipal Utility District as of the date shown on the cover page hereof.

/s/ _____
President, Board of Directors
Decker Prairie Municipal Utility District

ATTEST:

/s/ _____
Assistant Secretary, Board of Directors
Decker Prairie Municipal Utility District

APPENDIX A

Financial Statements of the District

DECKER PRAIRIE MUNICIPAL UTILITY DISTRICT

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2025

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McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Decker Prairie Municipal Utility District
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Decker Prairie Municipal Utility District (the "District"), as of and for the year ended September 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 Decker Prairie Municipal Utility District, as of September 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

Houston, Texas
January 29, 2026

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Decker Prairie Municipal Utility District (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 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.

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 September 30, 2025, was negative $8,094,785. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Montgomery County. A comparative summary of the District's overall financial position, as of September 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 741,237	$ 696,274
Capital assets	11,529,695	8,845,759
Total assets	12,270,932	9,542,033
Current liabilities	287,694	269,875
Long-term liabilities	20,078,023	16,949,475
Total liabilities	20,365,717	17,219,350
Net position		
Net investment in capital assets	(1,714,296)	(1,657,838)
Restricted	341,617	281,877
Unrestricted	(6,722,106)	(6,301,356)
Total net position	$ (8,094,785)	$ (7,677,317)

The total net position of the District decreased during the current fiscal year by $417,468. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Water and sewer service	$ -	$ 156,114
Property taxes, penalties and interest	1,216,771	529,458
Tap connection and inspection		62,410
Other	44,684	18,275
Total revenues	1,261,455	766,257
Expenses		
Operating and administrative	423,299	571,582
Debt interest and fees	482,249	215,787
Developer interest		393,903
Debt issuance costs		905,078
Depreciation	216,446	188,761
Total expenses	1,121,994	2,275,111
Change in net position before other items	139,461	(1,508,854)
Other items		
Transfers to other governments	(556,929)	
Change in net position	(417,468)	(1,508,854)
Net position, beginning of year	(7,677,317)	(6,168,463)
Net position, end of year	$ (8,094,785)	$ (7,677,317)

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2025, were $669,491, which consists of $347,125 in the General Fund, $363,641 in the Debt Service Fund and negative $41,275 in the Capital Projects Fund.

General Fund

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

	2025	2024
Total assets	$ 401,903	$ 367,087
Total liabilities	$ 28,702	$ 14,200
Total deferred inflows	26,076	94,129
Total fund balance	347,125	258,758
Total liabilities, deferred inflows and fund balance	$ 401,903	$ 367,087

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

	2025	2024
Total revenues	$ 568,689	$ 660,339
Total expenditures	(480,322)	(732,119)
Revenues over/(under) expenditures	88,367	(71,780)
Other changes in fund balance		77,660
Net change in fund balance	$ 88,367	$ 5,880

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, which is 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.

Debt Service Fund

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

	2025	2024
Total assets	$ 380,065	$ 341,979
Total liabilities	$ 197	$ -
Total deferred inflows	16,227	
Total fund balance	363,641	341,979
Total liabilities, deferred inflows and fund balance	$ 380,065	$ 341,979

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

	2025	2024
Total revenues	$ 744,225	$ 11,061
Total expenditures	(722,563)	(155,685)
Revenues over/(under) expenditures	21,662	(144,624)
Other changes in fund balance		486,603
Net change in fund balance	$ 21,662	$ 341,979

The District's financial resources in the Debt Service Fund are from property tax revenues in the current year and capitalized interest from the sale of bonds in the prior fiscal year. 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 September 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 5,832	$ 9,708
Total liabilities	$ 47,107	$ 23,073
Total fund balance	(41,275)	(13,365)
Total liabilities and fund balance	$ 5,832	$ 9,708

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

	2025	2024
Total revenues	$ 367	$ 728
Total expenditures	(28,277)	(9,224,830)
Revenues under expenditures	(27,910)	(9,224,102)
Other changes in fund balance		9,210,737
Net change in fund balance	$ (27,910)	$ (13,365)

The District did not have any significant capital asset activity in the current fiscal year. The District's capital asset activity in the prior fiscal year was financed with proceeds from the issuance of its Series 2023 Unlimited Tax Bonds and Series 2024 Unlimited Tax Road Bonds.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $53,579 less than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

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

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

	2025	2024
Capital assets not being depreciated		
Land and improvements	$ 2,548,269	$ 893,710
Capital assets being depreciated		
Infrastructure	9,740,074	8,494,251
Less accumulated depreciation	(758,648)	(542,202)
Depreciable capital assets, net	8,981,426	7,952,049
Capital assets, net	$ 11,529,695	$ 8,845,759

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

- Decker Prairie detention (71.76 acres)
- Decker Farms Section 4 – drainage facilities
- Drainage easement – 0.625 acres

Additionally, Montgomery 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 developer is reimbursed. For the year ended September 30, 2025, capital assets in the amount of $556,929 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of September 30, 2025, the District owes approximately $10,593,023 to its developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $810,000 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer 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.

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

Series	2025	2024
2023	$ 4,125,000	$ 4,210,000
2024 Road	5,580,000	5,690,000
	$ 9,705,000	$ 9,900,000

At September 30, 2025, the District had $83,290,000 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 $131,250,000 for the refunding of such bonds; $20,000,000 for parks and recreational facilities and $30,000,000 for the refunding of such bonds; and $65,310,000 for road improvements and $106,500,000 for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately $40,840,000 for the 2025 tax year from $78,443,556 to $119,284,048. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of $0.30 per $100 of assessed value, a utility debt service tax rate of $0.75 per $100 of assessed value, and a road debt service tax rate of $0.45 per $100 of assessed value for a total combined tax rate of $1.50 per $100 of assessed value. Tax rates for the 2024 tax year were $0.595 per $100 for maintenance and operations, $0.42 per $100 for utility debt service, and $0.485 per $100 for road debt service for a combined total of $1.50 per $100 of assessed value.

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 the projected cost of operating the District. 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	$ 568,689	$ 702,000
Total expenditures	(480,322)	(375,125)
Revenues over expenditures	88,367	326,875
Beginning fund balance	258,758	347,125
Ending fund balance	$ 347,125	$ 674,000

Basic Financial Statements

Decker Prairie Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 3,153	$ 18,856	$ 143	$ 22,152	$ -	$ 22,152
Investments	288,014	360,438	5,689	654,141		654,141
Taxes receivable	26,076	16,227		42,303		42,303
Internal balances	62,019	(15,456)	(46,563)			
Other receivables	22,641			22,641		22,641
Capital assets not being depreciated					2,548,269	2,548,269
Capital assets, net					8,981,426	8,981,426
Total Assets	$ 401,903	$ 380,065	$ (40,731)	$ 741,237	11,529,695	12,270,932
Liabilities						
Accounts payable	$ 28,229	$ -	$ 544	$ 28,773		28,773
Other payables	473	197		670		670
Accrued interest payable					38,251	38,251
Due to developer					10,593,023	10,593,023
Long-term debt						
Due within one year					220,000	220,000
Due after one year					9,485,000	9,485,000
Total Liabilities	28,702	197	544	29,443	20,336,274	20,365,717
Deferred Inflows of Resources						
Deferred property taxes	26,076	16,227		42,303	(42,303)	
Fund Balances/Net Position						
Fund Balances						
Restricted		363,641		363,641	(363,641)	
Unassigned	347,125		(41,275)	305,850	(305,850)	
Total Fund Balances	347,125	363,641	(41,275)	669,491	(669,491)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 401,903	$ 380,065	$ (40,731)	$ 741,237		
Net Position						
Net investment in capital assets					(1,714,296)	(1,714,296)
Restricted for debt service					341,617	341,617
Unrestricted					(6,722,106)	(6,722,106)
Total Net Position					$ (8,094,785)	$ (8,094,785)

See notes to basic financial statements.

Decker Prairie Municipal Utility District
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 548,084	$ 702,883	$ -	$ 1,250,967	$ (45,333)	$ 1,205,634
Penalties and interest		17,630		17,630	(6,493)	11,137
Miscellaneous	140	2,340		2,480		2,480
Investment earnings	20,465	21,372	367	42,204		42,204
Total Revenues	568,689	744,225	367	1,313,281	(51,826)	1,261,455
Expenditures/Expenses						
Operating and administrative						
Professional fees	170,257		27,563	197,820		197,820
Contracted services	33,440	18,347	544	52,331		52,331
Repairs and maintenance	143,849			143,849		143,849
Administrative	17,892	5,116	170	23,178		23,178
Other	6,121			6,121		6,121
Capital outlay	108,763			108,763	(108,763)	
Debt service						
Principal		195,000		195,000	(195,000)	
Interest and fees		504,100		504,100	(21,851)	482,249
Depreciation					216,446	216,446
Total Expenditures/Expenses	480,322	722,563	28,277	1,231,162	(109,168)	1,121,994
Revenues Over/(Under) Expenditures/Expenses	88,367	21,662	(27,910)	82,119	57,342	139,461
Other Items						
Transfers to other governments					(556,929)	(556,929)
Net Change in Fund Balances	88,367	21,662	(27,910)	82,119	(82,119)	
Change in Net Position					(417,468)	(417,468)
Fund Balance/Net Position						
Beginning of the year	258,758	341,979	(13,365)	587,372	(8,264,689)	(7,677,317)
End of the year	$ 347,125	$ 363,641	$ (41,275)	$ 669,491	$ (8,764,276)	$ (8,094,785)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Decker Prairie Municipal Utility District (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 to an order of the Texas Commission on Environmental Quality, dated September 2, 2021, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on November 9, 2021 and the first bonds were issued on December 19, 2023.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities, park and recreational facilities and road 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 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 and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes. 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. 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 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 and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

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

Use of Restricted Resources

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are

reported separately and are not offset, unless a legal right of offset exists. At September 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 drainage facilities, are depreciated using the straight-line method over an estimated useful life of 45 years. The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

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 does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of property taxes levied for debt service in the Debt Service Fund.

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

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

Unassigned - all other spendable amounts in the General Fund and deficit balances in the Capital Project 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 developer; the value of capital assets transferred to Montgomery County and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 669,491
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 12,288,343	
Less accumulated depreciation	(758,648)	
		11,529,695
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	(38,251)	
Due to developer	(10,593,023)	
Bonds payable	(9,705,000)	
		(20,336,274)
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.		42,303
Total net position - governmental activities		$ (8,094,785)

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		$	82,119
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.			(51,826)
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	$ 108,763		
Transfers to other governments	(556,929)		
Depreciation expense	(216,446)		
			(664,612)
Financial reporting for long-term 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 liabilities are acquired 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:			
Principal payments - bonds	195,000		
Interest expense accrual	21,851		
			216,851
Change in net position of governmental activities		$	(417,468)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code)

requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

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

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

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

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	$ 288,014		
	Debt Service	360,438		
	Capital Projects	5,689		
		$ 654,141	AAAm	43 days

Texas CLASS

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

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

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

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 15,456	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	46,563	Bond application fees paid by the General Fund

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

Note 5 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 893,710	$ 1,654,559	$ 2,548,269
Capital assets being depreciated			
Infrastructure	8,494,251	1,245,823	9,740,074
Less accumulated depreciation	(542,202)	(216,446)	(758,648)
Depreciable capital assets, net	7,952,049	1,029,377	8,981,426
Capital assets, net	$ 8,845,759	$ 2,683,936	$ 11,529,695

Depreciation expense for the current fiscal year was $216,446.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Paid To Date	Remaining Amount *
Left Turn Lanes for Decker Farms Section 1	$ 506,693	$ -	$ 506,693

* Includes retainage

Note 6 – Due to Developer

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, drainage facilities, and park and recreational facilities and road improvements. Under the agreements, the developer will construct facilities on behalf of the District. The developer 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 developer is reimbursed.

The District's developer has also advanced funds to the District for operating expenses.

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

Due to developer, beginning of year	$ 7,244,475
Developer funded construction and adjustments	3,348,548
Due to developer, end of year	$ 10,593,023

In addition, the District will owe the developer approximately $810,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount *
Decker Cove Detention and Mass Grading	$ 810,000

* Rounded to the nearest $10,000

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 9,705,000
Due within one year	$ 220,000

The District's bonds payable at September 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	$ 4,125,000	$ 4,210,000	4.90% - 5.75%	September 1, 2025 - 2048	March 1, September 1,	December 1, 2029
2024 Road	5,580,000	5,690,000	4.125% - 6.625%	September 1, 2025 - 2049	March 1, September 1,	August 1, 2030
	$ 9,705,000					

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 September 30, 2025, the District had $83,290,000 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 $131,250,000 for the refunding of such bonds; $20,000,000 for parks and recreational facilities and $30,000,000 for the refunding of such bonds; and $65,310,000 for road improvements and $106,500,000 for the refunding of such bonds.

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

Bonds payable, beginning of year	$ 9,900,000
Bonds retired	(195,000)
Bonds payable, end of year	$ 9,705,000

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

Year	Principal	Interest	Totals
2026	$ 220,000	$ 474,840	$ 694,840
2027	230,000	461,053	691,053
2028	240,000	446,646	686,646
2029	255,000	431,621	686,621
2030	270,000	415,647	685,647
2031	285,000	399,743	684,743
2032	295,000	382,812	677,812
2033	315,000	366,149	681,149
2034	330,000	351,974	681,974
2035	345,000	337,137	682,137
2036	365,000	321,593	686,593
2037	385,000	304,937	689,937
2038	400,000	287,355	687,355
2039	425,000	269,106	694,106
2040	450,000	249,674	699,674
2041	470,000	228,861	698,861
2042	490,000	207,111	697,111
2043	520,000	184,423	704,423
2044	550,000	160,212	710,212
2045	575,000	134,586	709,586
2046	605,000	107,224	712,224
2047	640,000	78,418	718,418
2048	670,000	47,899	717,899
2049	375,000	15,937	390,937
	$ 9,705,000	$ 6,664,958	$ 16,369,958

Note 8 – Property Taxes

On May 7, 2022, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. In addition, the voters of the District authorized the District Board of Directors to levy taxes annually for financing parks and recreational facilities limited to $0.10 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 Montgomery Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 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 $0.595 was allocated to maintenance and operations, $0.42 was allocated to debt service and $0.485 was allocated to road debt service. The resulting tax levy was $1,176,653 on the adjusted taxable value of $78,443,556.

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

Current year taxes receivable	$ 11,653
Prior years taxes receivable	21,454
	33,107
Penalty and interest receivable	9,196
Property taxes receivable	$ 42,303

Note 9 – Transfers to Other Governments

Montgomery County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Montgomery County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended September 30, 2025, the District recorded transfers to other governments in the amount of $556,929 for road facilities constructed by a developer within the District.

Note 10 – Retail Utility Service

On October 26, 2022, the District adopted a Consolidated Rate Order and Rules and Regulations (the "Rate Order") designating Quadvest L.P. ("Quadvest") the District's operator for the purpose of providing public drinking water and sanitary sewer facilities service to the District. Quadvest will

maintain the utility systems and bill customers on behalf of the District according to the rates established in the District's rate order.

Quadvest will discontinue providing wholesale utilities to the District and begin providing retail water and wastewater services upon obtaining a Certificate of Convenience and Necessity to serve the District. In September 2023, Quadvest obtained the necessary Certificate of Convenience and Necessity to serve the District and began providing retail water services to customers in the District.

Note 11 – 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 12 – Subsequent Event

On December 17, 2025, the District issued its $8,270,000 Series 2025 Unlimited Tax Bonds at a net effective rate of 4.621742%. Proceeds from the bonds were used to reimburse the District's developer for infrastructure improvements in the District and land costs.

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Required Supplementary Information

Decker Prairie Municipal Utility District
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	$ 453,283	$ 548,084	$ 94,801
Miscellaneous		140	140
Investment earnings	10,800	20,465	9,665
Total Revenues	464,083	568,689	104,606
Expenditures			
Operating and administrative			
Professional fees	107,000	170,257	(63,257)
Contracted services	40,900	33,440	7,460
Repairs and maintenance	140,000	143,849	(3,849)
Administrative	19,437	17,892	1,545
Other	4,800	6,121	(1,321)
Capital outlay	10,000	108,763	(98,763)
Total Expenditures	322,137	480,322	(158,185)
Revenues Over Expenditures	141,946	88,367	(53,579)
Fund Balance			
Beginning of the year	258,758	258,758	
End of the year	$ 400,704	$ 347,125	$ (53,579)

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Decker Prairie Municipal Utility District
TSI-1. Services and Rates
September 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:					to
Wastewater:					to
Surcharge:					to

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

Total charges per 10,000 gallons usage: Water $ - Wastewater $ -

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"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater			x 1.0	

See accompanying auditor's report.

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

Gallons pumped into system:	N/A	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	N/A	N/A

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

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

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes [X] No [ ]

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

Is the District located within a city? Entirely [ ] Partly [ ] Not at all [X]

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

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

Entirely [ ] Partly [X] 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 [X]

If Yes, by whom? _____

See accompanying auditor's report.

Decker Prairie Municipal Utility District
TSI-2. General Fund Expenditures
For the Year Ended September 30, 2025

Professional fees		
Legal	$	131,013
Audit		16,000
Engineering		23,244
		170,257
Contracted services		
Bookkeeping		33,440
Repairs and maintenance		143,849
Administrative		
Directors fees		4,520
Printing and office supplies		4,198
Insurance		3,421
Other		5,753
		17,892
Other		6,121
Capital outlay		108,763
Total expenditures	$	480,322

See accompanying auditor's report.

Decker Prairie Municipal Utility District
TSI-3. Investments
September 30, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	$ 288,014
Debt Service			
Texas CLASS	Variable	N/A	92,292
Texas CLASS	Variable	N/A	268,146
			360,438
Capital Projects			
Texas CLASS	Variable	N/A	1,112
Texas CLASS	Variable	N/A	4,577
			5,689
Total - All Funds			$ 654,141

See accompanying auditor's report.

Decker Prairie Municipal Utility District
TSI-4. Taxes Levied and Receivable
September 30, 2025

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 78,441	$ -	$ -	$ 78,441
Adjustments	28,980			28,980
Adjusted Receivable	107,421			107,421
2024 Original Tax Levy	450,813	318,221	367,469	1,136,503
Adjustments	15,926	11,242	12,982	40,150
Adjusted Tax Levy	466,739	329,463	380,451	1,176,653
Total to be accounted for	574,160	329,463	380,451	1,284,074
Tax collections:				
Current year	462,117	326,200	376,683	1,165,000
Prior year	85,967			85,967
Total Collections	548,084	326,200	376,683	1,250,967
Taxes Receivable, End of Year	$ 26,076	$ 3,263	$ 3,768	$ 33,107
Taxes Receivable, By Years				
2024	$ 4,622	$ 3,263	$ 3,768	$ 11,653
2023	21,454			21,454
Taxes Receivable, End of Year	$ 26,076	$ 3,263	$ 3,768	$ 33,107

	2024	2023	2022
Property Valuations:			
Land	$ 22,343,117	$ 16,883,070	$ 2,054,065
Improvements	58,176,105	19,005,721	
Personal Property	382,768	33,021	
Exemptions	(2,458,434)	(390,752)	
Total Property Valuations	$ 78,443,556	$ 35,531,060	$ 2,054,065
Tax Rates per $100 Valuation:			
Maintenance tax rates	$ 0.595	$ 1.50	$ 1.50
Debt service tax rates	0.420		
Road debt service tax rates	0.485		
Total Tax Rates per $100 Valuation	$ 1.500	$ 1.50	$ 1.50
Adjusted Tax Levy:	$ 1,176,653	$ 532,966	$ 30,811
Percentage of Taxes Collected to Taxes Levied **	99.01%	95.97%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 7, 2022
* Maximum Park Maintenance Tax Rate Approved by Voters: $0.10 on May 7, 2022
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Decker Prairie Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 90,000	$ 217,234	$ 307,234
2027	95,000	212,059	307,059
2028	100,000	206,596	306,596
2029	105,000	200,846	305,846
2030	115,000	194,809	309,809
2031	120,000	189,174	309,174
2032	125,000	183,174	308,174
2033	135,000	176,924	311,924
2034	140,000	170,174	310,174
2035	150,000	163,174	313,174
2036	160,000	155,674	315,674
2037	170,000	147,474	317,474
2038	175,000	138,761	313,761
2039	190,000	129,793	319,793
2040	200,000	120,055	320,055
2041	210,000	109,555	319,555
2042	220,000	98,530	318,530
2043	235,000	86,980	321,980
2044	250,000	74,525	324,525
2045	260,000	61,274	321,274
2046	275,000	47,300	322,300
2047	295,000	32,518	327,518
2048	310,000	16,662	326,662
	$ 4,125,000	$ 3,133,265	$ 7,258,265

See accompanying auditor's report.

Decker Prairie Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 130,000	$ 257,606	$ 387,606
2027	135,000	248,994	383,994
2028	140,000	240,050	380,050
2029	150,000	230,775	380,775
2030	155,000	220,838	375,838
2031	165,000	210,569	375,569
2032	170,000	199,638	369,638
2033	180,000	189,225	369,225
2034	190,000	181,800	371,800
2035	195,000	173,963	368,963
2036	205,000	165,919	370,919
2037	215,000	157,463	372,463
2038	225,000	148,594	373,594
2039	235,000	139,313	374,313
2040	250,000	129,619	379,619
2041	260,000	119,306	379,306
2042	270,000	108,581	378,581
2043	285,000	97,443	382,443
2044	300,000	85,687	385,687
2045	315,000	73,312	388,312
2046	330,000	59,924	389,924
2047	345,000	45,900	390,900
2048	360,000	31,237	391,237
2049	375,000	15,937	390,937
	$ 5,580,000	$ 3,531,693	$ 9,111,693

See accompanying auditor's report.

Decker Prairie Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 220,000	$ 474,840	$ 694,840
2027	230,000	461,053	691,053
2028	240,000	446,646	686,646
2029	255,000	431,621	686,621
2030	270,000	415,647	685,647
2031	285,000	399,743	684,743
2032	295,000	382,812	677,812
2033	315,000	366,149	681,149
2034	330,000	351,974	681,974
2035	345,000	337,137	682,137
2036	365,000	321,593	686,593
2037	385,000	304,937	689,937
2038	400,000	287,355	687,355
2039	425,000	269,106	694,106
2040	450,000	249,674	699,674
2041	470,000	228,861	698,861
2042	490,000	207,111	697,111
2043	520,000	184,423	704,423
2044	550,000	160,212	710,212
2045	575,000	134,586	709,586
2046	605,000	107,224	712,224
2047	640,000	78,418	718,418
2048	670,000	47,899	717,899
2049	375,000	15,937	390,937
	$ 9,705,000	$ 6,664,958	$ 16,369,958

See accompanying auditor's report.

Decker Prairie Municipal Utility District
TSI-6. Change in Long-Term Bonded Debt
September 30, 2025

	Bond Issue		
	Series 2023	Series 2024 Road	Totals
Interest rate	4.90% - 5.75%	4.125% - 6.625%	
Dates interest payable	9/1; 3/1	9/1; 3/1	
Maturity dates	9/1/25 - 9/1/48	9/1/25 - 9/1/49	
Beginning bonds outstanding	$ 4,210,000	$ 5,690,000	$ 9,900,000
Bonds retired	(85,000)	(110,000)	(195,000)
Ending bonds outstanding	$ 4,125,000	$ 5,580,000	$ 9,705,000
Interest paid during fiscal year	$ 222,121	$ 281,379	$ 503,500
Paying agent's name and city			
All Series	BOKF, NA, Dallas, Texas		

Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds
Amount Authorized by Voters	$ 87,500,000	$ 20,000,000	$ 71,000,000
Amount Issued	(4,210,000)		(5,690,000)
Remaining To Be Issued	$ 83,290,000	$ 20,000,000	$ 65,310,000

Bond Authority:	Water, Sewer, Drainage Refunding Bonds	Park Refunding Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 131,250,000	$ 30,000,000	$ 106,500,000
Amount Issued			
Remaining To Be Issued	$ 131,250,000	$ 30,000,000	$ 106,500,000

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

Debt Service Fund cash and investments balance as of September 30, 2025:	$ 379,294
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 682,082

See accompanying auditor's report.

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Decker Prairie Municipal Utility District
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Four Fiscal Years

	Amounts			
	2025	2024	2023	2022
Revenues				
Water service	$ -	$ 30	$ 105,685	$ -
Sewer service		156,084	134,850	
Property taxes	548,084	425,545	30,811	
Penalties and interest		9,784	3,325	
Tap connection and inspection		62,410	219,060	
Miscellaneous	140		6,485	
Investment earnings	20,465	6,486	70	
Total Revenues	568,689	660,339	500,286	
Expenditures				
Operating and administrative				
Purchased services		169,433	262,765	
Professional fees	170,257	112,295	168,398	100,681
Contracted services	33,440	143,243	277,739	46,413
Repairs and maintenance	143,849	119,997	197,425	
Administrative	17,892	20,208	15,351	15,049
Other	6,121	5,646	9,155	2,214
Capital outlay	108,763	161,297	91,000	
Total Expenditures	480,322	732,119	1,021,833	164,357
Revenues Over/(Under) Expenditures	88,367	(71,780)	(521,547)	(164,357)
Other Financing Sources				
Developer advances			813,782	125,000
Internal transfers		77,660		
Net Change in Fund Balance	88,367	5,880	292,235	(39,357)
Fund Balance, Beginning of the year	258,758	252,878	(39,357)	
End of the year	$ 347,125	$ 258,758	$ 252,878	$ (39,357)

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues			
2025	2024	2023	2022
-%	*	21%	-%
	24%	27%	
96%	65%	6%	
	1%	1%	
	9%	44%	
*		1%	
4%	1%	*	
100%	100%	100%	-
	26%	53%	
30%	17%	34%	-
6%	22%	56%	-
25%	18%	39%	
3%	3%	3%	-
1%	1%	2%	-
19%	24%	18%	
84%	111%	205%	-
16%	(11%)	(105%)	-%

Decker Prairie Municipal Utility District
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	$ 702,883	$ -	95%	-%
Penalties and interest	17,630		2%	
Miscellaneous	2,340		*	
Investment earnings	21,372	11,061	3%	100%
Total Revenues	744,225	11,061	100%	100%
Expenditures				
Tax collection services	23,463		3%	
Debt service				
Principal	195,000		26%	
Interest and fees	504,100	155,685	68%	1408%
Total Expenditures	722,563	155,685	97%	1408%
Revenues Over/(Under) Expenditures	21,662	(144,624)	3%	(1308%)
Other Financing Sources				
Proceeds from sale of bonds		486,603		
Net Change in Fund Balance	21,662	341,979		
Fund Balance, Beginning of the year	341,979			
End of the year	$ 363,641	$ 341,979		

*Percentage is negligible

See accompanying auditor's report.

Decker Prairie Municipal Utility District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2025

Complete District Mailing Address:	1330 Post Oak Boulevard, Suite 2650 Houston, Texas 77056
District Business Telephone Number:	713-850-9000
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	April 4, 2025
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Harris Pratka	05/24 - 05/28	$ 663	$ 38	President
John Bonner	05/22 - 05/26	221	48	Vice President
Brian Gates	05/22 - 05/26	663	121	Secretary
Will Holstien	05/24 - 05/28	884	129	Assistant Secretary
Jim Grover	05/24 - 05/28	663	25	Assistant Secretary
Consultants		Amounts Paid		
Sanford Kuhl Hagan Kugle Parker Kahn LLP	2021	$ 171,749		Attorney
Municipal Accounts & Consulting	2021	34,545		Bookkeeper
Utility Tax Services	2021	6,308		Tax Collector
Montgomery Central Appraisal District	Legislation	10,618		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, L.L.P.	2022	2,129		Delinquent Tax Attorney
Pape-Dawson Engineering	2021	46,454		Engineer
McGrath & Co., PLLC	2022	16,000		Auditor
Robert W. Baird	2021			Financial Advisor

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

See accompanying auditor's report.