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

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2026

This PRELIMINARY OFFICIAL STATEMENT is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the OFFICIAL STATEMENT will be completed and delivered to the Underwriter.

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "LEGAL MATTERS—TAX EXEMPTION" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE-Book-Entry Only

$7,700,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 147
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX ROAD BONDS
SERIES 2026

The bonds described above (the "Bonds") are obligations solely of Montgomery County Municipal Utility District No. 147 (the "District") and are not obligations of the State of Texas, Montgomery County, the City of Conroe (the "City"), or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS."

Dated Date: November 1, 2026 **Due: September 1, as shown below**
Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the date of delivery (expected on or about November 12, 2026) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

MATURITY SCHEDULE

Principal Amount (a)	Maturity (September 1)	CUSIP Number (c)	Interest Rate	Initial Reoffering Yield (d)	Principal Amount (a)	Maturity (September 1)	CUSIP Number (c)	Interest Rate	Initial Reoffering Yield (d)
$ 145,000	2028		%	%	$ 300,000	2041 (b)		%	%
155,000	2029				320,000	2042 (b)			
165,000	2030				335,000	2043 (b)			
170,000	2031				355,000	2044 (b)			
180,000	2032				375,000	2045 (b)			
190,000	2033 (b)				400,000	2046 (b)			
205,000	2034 (b)				420,000	2047 (b)			
215,000	2035 (b)				445,000	2048 (b)			
230,000	2036 (b)				470,000	2049 (b)			
240,000	2037 (b)				495,000	2050 (b)			
255,000	2038 (b)				525,000	2051 (b)			
270,000	2039 (b)				555,000	2052 (b)			
285,000	2040 (b)								

(a) The Underwriter (as herein defined) may designate two or more consecutive serial maturities as term bonds. See accompanying "OFFICIAL NOTICE OF SALE."
(b) Bonds maturing on or after September 1, 2033, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
(d) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter for offers to the public and which subsequently may be changed.

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the respective Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Houston, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 12, 2026.

Bids Due: Wednesday, October 14, 2026 at 9:15 A.M., Houston Time in Houston, Texas
Bid Award: Wednesday, October 14, 2026 at 12:00 P.M., Houston Time in Conroe, Texas

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Coats Rose, P.C., Bond Counsel, 9 Greenway Plaza, Suite 1000, Houston, Texas, 77046, for further information.

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

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

This OFFICIAL STATEMENT contains "Forward-Looking" statements. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements. See "SALE AND DISTRIBUTION OF THE BONDS—Forward-Looking Statements."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

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

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of 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 Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

Forward-Looking Statements

This OFFICIAL STATEMENT contains, in part, forward-looking statements and projections, as well as estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Forward-looking statements and projections may be affected by known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance or achievements expressed or implied by such forward-looking statements. Investors are cautioned that actual results could differ materially from those set forth in the forward-looking statements.

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.

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... The District is a political subdivision of the State of Texas, created by Senate Bill 2025 on September 1, 2015, codified as Chapter 7907, Texas Special District Local Laws Code, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District contains approximately 213 acres of land. See "THE DISTRICT—General."

Location... The District is located in Montgomery County, entirely within the corporate limits of the City of Conroe (the "City") and consists of three non-contiguous areas of land. Tracts 1 and 2, being approximately 88 acres of the District, are located north of State Highway 105 on La Salle Avenue and are approximately 6 miles west of the City's Central District/Historic Downtown. Tract 3, being approximately 125 acres of the District, is located adjacent to Rabon Chapel Road and Apache Drive and is approximately 10 miles west of the City's Central District/Historic Downtown. The District is located within the Conroe Independent School District and Montgomery Independent School District, with residential development actively occurring on all tracts. The District is approximately 45 miles north of the downtown business district of the City of Houston. See "THE DISTRICT" and "AERIAL LOCATION MAP."

The Developer and Other Landowners… The property within the District is being developed by Tri Pointe Homes Texas, Inc., a Delaware corporation (the "Developer" or "Tri Pointe"). The Developer continues to own approximately 33 undeveloped but developable acres and maintains all reimbursables related to development within the District.

On May 14, 2026, Teton NewCo, Inc., a Delaware corporation and wholly owned subsidiary of Sumitomo Forestry Co, Ltd ("Sumitomo"), a Japanese corporation listed and traded on the Tokyo Stock Exchange, merged with Tri Pointe Homes, Inc., with Tri Pointe remaining as a wholly owned subsidiary of Sumitomo. Tri Pointe common stock was de-registered under the Securities Exchange Act of 1934, and is no longer listed or traded on the New York Stock Exchange or any other public exchange. The Developer makes all development decisions and provides all financing for the Development. The Developer continues to own approximately 33 undeveloped but developable acres and maintains all reimbursables related to development within the district.

In 2024, Tri Pointe sold approximately 16 acres of land (112 lots) located within the Westridge Cove section of the District to DFH Coventry Homes, LLC ("Coventry Homes"), a Texas limited liability corporation, to act as a homebuilder. A portion of such land continues to be owned by FLHWF LLC, a Delaware limited liability corporation, which acts solely as a land holding company on behalf of Coventry. FLHWF LLC sells land to Coventry as needed for homebuilding. See "THE DEVELOPER AND OTHER LANDOWNERS."

Status of Development... Single-family residential development in the District currently consists of Westridge Cove, Sections One through Three (210 single-family residential lots on approximately 29 acres) and Clopton Farms, Sections One through Six (340 lots on approximately 76 acres). As of September 4, 2026, 258 homes were completed (239 occupied), 63 homes were under construction or in a homebuilders' name and 229 vacant developed lots were available for home construction. According to the Developer, homes in the District range in price from $250,000 to $700,000.

There are an additional approximately 33 acres of undeveloped but developable land and approximately 75 acres of undevelopable land (open space, landscaping, drainageways and tree preservation) in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

Homebuilding… Active homebuilding within the District is currently being conducted by Tri Pointe and Coventry Homes. See "THE DISTRICT—Homebuilding."

Water and Wastewater… Pursuant to a Utility Functions Agreement between the District and City, the City provides retail water and sewer services to the residents in the District and all revenues from the collection of charges for water and sewer services are paid directly to the City. See "UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF CONROE."

Payment Record... The District has previously issued $2,250,000 of unlimited tax bonds in one series and $2,680,000 of unlimited tax road bonds in one series, of which $4,830,000 principal amount is collectively outstanding (the "Outstanding Bonds") as of the date herein. The Bonds are the District's second issuance of unlimited tax bonds for roads and related improvements. The District will capitalize an amount equal to the lesser of $423,500 or twelve (12) months of interest from proceeds of the Bonds. The District has never defaulted on its Outstanding Bonds payments. See "USE AND DISTRIBUTION OF BOND PROCEEDS" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."

THE BONDS

Description... The $7,700,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are being issued pursuant to an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in each of the years 2028 through 2052, both inclusive, in the principal amounts and accruing interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery and is payable March 1, 2027, and each September 1 and March 1 thereafter, until the earlier of maturity or redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. See "THE BONDS."

Book-Entry-Only System… The Depository Trust Company (defined as "DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Redemption... Bonds maturing on or after September 1, 2033, are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

Use of Proceeds... Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," including to pay certain road construction costs, interest on funds advanced by the Developer on behalf of the District; to pay engineering fees; to capitalize an amount equal to the lesser of $423,500 or twelve (12) months of interest on the Bonds; and to pay administrative costs and certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Authority for Issuance... The Bonds are the second series of bonds issued out of an aggregate of $39,926,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing or acquiring roads and related facilities. The Bonds will be issued by the District pursuant to the terms and conditions of the Bond Order, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt" and "RISK FACTORS—Future Debt."

Source of Payment... Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City, Montgomery County, the State of Texas or any entity other than the District. See "THE BONDS—Source of and Security for Payment."

Municipal Bond Rating and Municipal Bond Insurance…	The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made. Applications have been made to various municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriter at the Underwriter's expense. The payment of any rating fee related to insurance will be the responsibility of the Underwriter. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."
Qualified Tax-Exempt Obligations...	The Bonds will be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986. See "TAX MATTERS—Qualified Tax-Exempt Obligations."
Bond Counsel...	Coats Rose, P.C., Houston, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS" and "TAX MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

RISK FACTORS

The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned "RISK FACTORS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$ 81,724,495	(a)
Estimated Taxable Assessed Valuation as of June 15, 2026	$104,860,530	(b)
Gross Direct Debt Outstanding (includes the Bonds and the Outstanding Bonds)	$12,530,000	(c)
Estimated Overlapping Debt	7,994,002	(d)
Gross Direct Debt and Estimated Overlapping Debt	$20,524,002	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	15.33%	
Estimated Taxable Assessed Valuation as of June 15, 2026	11.95%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	25.11%	
Estimated Taxable Assessed Valuation as of June 15, 2026	19.57%	
Funds Available for Debt Service:		
Water, Sewer, and Drainage Debt Service Fund Balance as of September 9, 2026	$140,131	
Road Debt Service Fund Balance as of September 9, 2026	105,308	
Capitalized Interest from proceeds of the Bonds (Twelve (12) Months)	423,500	(e)
Total Debt Service Funds Available	$668,939	
Water, Sewer, and Drainage Capital Projects Funds Available as of September 9, 2026	$ 63,337	
Road Capital Projects Funds Available as of September 9, 2026	$ 6,075	
Operating Funds Available as of September 9, 2026	$180,827	
2026 Debt Service Tax Rate	$0.47	
2026 Maintenance and Operations Tax Rate	0.43	
2026 Total Tax Rate	$0.90	
Average Annual Debt Service Requirement (2027-2052)	$907,921	(f)
Maximum Annual Debt Service Requirement (2046)	$945,225	(f)
Tax Rates Required to Pay Average Annual Debt Service (2027-2052) at a 90% Collection Rate		
2026 Taxable Assessed Valuation	$1.24	(g)
Based upon Estimated Taxable Assessed Valuation as of June 15, 2026	$0.97	(g)
Tax Rates Required to Pay Maximum Annual Debt Service (2046) at a 90% Collection Rate		
2026 Taxable Assessed Valuation	$1.29	(g)
Based upon Estimated Taxable Assessed Valuation as of June 15, 2026	$1.01	(g)
Status of Development as of September 4, 2026 (h):		
Total Lots Developed	550	
Homes Completed (239 Occupied)	258	
Homes Under Construction or in a Builders' Name	63	
Lots Available for Home Construction	229	
Estimated Population	837	(i)

(a) The Montgomery Central Appraisal District (the "Appraisal District") has certified $76,269,456 of taxable value and an additional $5,455,039 of taxable value remains uncertified. The uncertified value is subject to review and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on June 15, 2026. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2026 and June 15, 2026, will be certified as of January 1, 2027. See "TAXING PROCEDURES."

(c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

(d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt Statement."

(e) The District will capitalize an amount equal to the lesser of $423,500 or twelve (12) months of interest from proceeds of the Bonds. The amount above is estimated at 5.50%. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(f) Based upon 5.75% per annum. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(g) See "TAX DATA—Tax Adequacy for Debt Service" and "RISK FACTORS—Possible Impact on District Tax Rates."

(h) See "THE DISTRICT—Land Use" and "—Status of Development."

(i) Based upon 3.5 persons per occupied single-family residence.

PRELIMINARY OFFICIAL STATEMENT

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

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

$7,700,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 147 (the "District") of its $7,700,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"); and an election held within the District.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, Tri Pointe Homes Texas, Inc., a Delaware corporation (the "Developer" or "Tri-Pointe") and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046.

THE BONDS

General

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

The Bonds will be dated November 1, 2026, and will accrue interest from the Date of Delivery with interest payable on each March 1 and September 1, commencing March 1, 2027, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the principal amounts and years and accrue interest at the rates shown on the cover page of this OFFICIAL STATEMENT. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Authority for Issuance

At a bond election held within the District on May 2, 2020, the voters of the District authorized the issuance of a total of $39,926,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring road and related facilities to the land within its boundaries. The Bonds are issued pursuant to such authorization. See "—Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, and the Bond Order.

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

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Order to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and no other purpose.

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

Record Date

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

Funds

In the Bond Order, the Road Debt Service Fund ("Road Debt Service Fund") is confirmed, and the proceeds from all taxes levied and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, in such fund, respectively. The Road Debt Service Fund is available for payment of principal and interest on bonds issued for road facilities, including the Bonds. It is not available to pay principal or interest on bonds issued for water, sewer, and drainage facilities. The District maintains a Water/Sewer/Drainage Debt Service Fund that is available for payment of debt service on bonds issued for water, sewer and drainage facilities. It is not available to pay principal or interest on bonds issued for road facilities, including the Bonds.

An amount equal to the lesser of $423,500 or twelve (12) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt at closing on the Bonds. The remaining proceeds of sale of the Bonds shall be deposited into the Road Capital Projects Fund, to be used for the purpose of reimbursing the Developer for certain construction costs and for paying engineering fees, administration costs and costs of issuance of the Bonds. Any monies remaining in the Road Capital Projects Fund will be used as described in the Bond Order or ultimately transferred to the Road Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates 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 in the Bond Order that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Redemption Provisions

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

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

Registration and Transfer

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

In the event the Book-Entry-Only System is discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in s form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the Beneficial Owners of the Bonds. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners. See "BOOK-ENTRY-ONLY SYSTEM."

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Order.

Replacement of Paying Agent/Registrar

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

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bonds. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Issuance of Additional Debt

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have $29,546,000 principal amount of unlimited tax bonds for the purposes of constructing or acquiring roads and related facilities authorized but unissued. The District also has $42,739,000 principal amount of unlimited tax bonds for the purposes of financing water, wastewater and drainage improvements and facilities authorized but unissued, $13,650,000 principal amount of unlimited tax bonds for the purpose of financing park facilities, $59,889,000 principal amount of unlimited tax bonds for the purpose of refunding road bonds, $67,483,000 amount of unlimited tax bonds for refunding bonds issued for water, wastewater and drainage improvements and facilities and $20,475,000 principal amount of unlimited tax bonds for the purpose of refunding unlimited tax bonds for park facilities. 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; however, the outstanding principal amount of such bonds may exceed one percent (1%) but not three percent (3%) of the value of the taxable property in the District if the District has (i) a ratio of debt to certified assessed valuation of ten percent (10%) or less; (ii) a credit rating that conforms to the Texas Commission on Environmental Quality (the "TCEQ") rules; (iii) a credit enhanced rating on the District's bond issue that conforms to the TCEQ rules; or (iv) a contract with a political subdivision or an entity acting on behalf of a political subdivision under which the subdivision or the entity agrees to provide to the District taxes or other revenues, as consideration for the District's development or acquisition of the facility, including a contract under Section 49.108 of the Texas Water Code, as amended. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters, or the amount ultimately issued by the District.

After approval by the District's voters, the City and the TCEQ, the District may elect to issue unlimited tax bonds for the purpose of providing fire-fighting facilities. The District has not considered calling an election to authorize bonds for fire-fighting facilities at this time.

The issuance of additional debt for any of the above-described purposes and the levy of taxes to pay debt service on such debt could dilute the investment security for the Bonds.

Consolidation

A district (such as 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, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently is not contemplating consolidation.

Dissolution

Under existing Texas law, since the District lies wholly within the corporate limits of the City, the District may be dissolved by the City without the District's consent, subject to compliance by the City with Chapter 43 of the Texas Local Government Code, as amended. The Utility Agreement between the City and the District also places certain restrictions on the City's right to dissolve the District. See "THE DISTRICT—Utility Agreement with the City of Conroe." If the District is dissolved, the City will assume the District's assets and obligations (including the Bonds). Dissolution of the District by the City is a policy matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that dissolution will or will not occur and makes no representation of the City's financial capability to pay debt service on the Bonds if such dissolution were to occur.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or the redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered

Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations to Registered Owners' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

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 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.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of "AA+." 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 purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

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

CONSTRUCTION COSTS	
Westridge Cove, Section Three Paving	$ 1,018,387
Clopton Farms, Sections One through Four Paving	3,507,627
Westridge Cove, Section Three Right-of-Way Land Acquisition	183,841
Clopton Farms, Sections One through Four Right-of-Way Land Acquisition	437,656
Westridge Cove, Section Three Street Lighting	31,492
Clopton Farms, Sections One through Three Street Lighting	512,467
Total Construction Costs	**$ 5,691,472**
NON-CONSTRUCTION COSTS	
Underwriter's Discount (Estimated 3.00%)	$ 231,000
Capitalized Interest (Twelve (12) Months Estimated at 5.50%)	423,500
Developer Interest (Estimated)	940,700
Total Non-Construction Costs	**$ 1,595,200**
ISSUANCE COSTS AND FEES	
Issuance Costs and Professional Fees	$ 385,628
Engineering Fees	20,000
Attorney General's Fee	7,700
Total Issuance Costs and Fees	**$ 413,328**
TOTAL BOND ISSUE REQUIREMENT	**$ 7,700,000**

THE DISTRICT

General

The District is a political subdivision of the State of Texas, created by Senate Bill 2025 on September 1, 2015, codified as Chapter 7907, Texas Special District Local Laws Code, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District currently contains approximately 213 acres of land.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water; and the construction of roads and related facilities. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also authorized to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purposes. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the voters of the District.

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

Description and Location

The District is located in Montgomery County, entirely within the corporate limits of the City and consists of three non-contiguous areas of land. Tracts 1 and 2, being approximately 88 acres of the District, are located north of State Highway 105 on La Salle Avenue and are approximately 6 miles west of the City's Central District/Historic Downtown. Tract 3, being approximately 125 acres of the District, is located adjacent to Rabon Chapel Road and Apache Drive and is approximately 10 miles west of the City's Central District/Historic Downtown. The District is located within in the Conroe Independent School District and Montgomery Independent School District, with residential development actively occurring on all tracts. The District is approximately 45 miles north of the downtown business district of the City of Houston. See "AERIAL LOCATION MAP."

Land Use

The District's land plan currently includes approximately 105 acres of single-family residential development consisting of 550 single-family residential lots, approximately 33 acres of undeveloped but developable land and approximately 75 acres of undevelopable acreage (roads, open space, landscaping, drainageways and tree preservation areas). The table below represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots
Westridge Cove:		
Section One	9	65
Section Two	7	51
Section Three	13	94
Subtotal	29	210
Clopton Farms:		
Section One	11	43
Section Two	9	37
Section Three	14	76
Section Four	9	46
Section Five	17	70
Section Six	16	68
Subtotal	76	340
Total Single-Family Residential	105	550
Future Development	33	---
Undevelopable (a)	75	---
Total	213	550

(a) Includes areas reserved for roads, open space, landscaping, drainageways and tree preservation.

Status of Development

Single-Family Residential: Single-family residential development in the District currently consists of Westridge Cove, Sections One through Three (210 single-family residential lots on approximately 29 acres) and Clopton Farms, Sections One through Six (340 lots on approximately 76 acres). As of September 4, 2026, 258 homes were completed (239 occupied), 63 homes were under construction or in a builder name, and 229 vacant developed lots were available for home construction. According to the Developer, homes in the District range in price from $250,000 to $700,000. The estimated population in the District based upon 3.5 persons per occupied single-family residence is 837.

Homebuilding

Active homebuilding within the District is currently being conducted by Tri Pointe and Coventry Homes.

Future Development

The District is currently being developed as a single-family residential development. Approximately 33 developable acres of land currently within the District are not yet fully served with water distribution and supply, wastewater collection and treatment, storm drainage facilities or roads. See "RISK FACTORS—Future Debt." The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water, which costs are currently expected to be covered through rates charged by the City under the Utility Functions Agreement), the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of $85,935,000 should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, roads and recreation system for full development of the District.

THE DEVELOPER AND OTHER LANDOWNERS

General

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

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

Neither the Developer, nor any affiliates of the Developer, are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. Neither the Developer, nor any affiliates of the Developer, has any legal commitment to the District or the owners of the Bonds to continue development of the land within the District, and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time

The Developer

The property within the District is being developed by Tri Pointe Homes Texas, Inc., a Delaware corporation (the "Developer" or "Tri Pointe"), The Developer continues to own approximately 33 undeveloped but developable acres and maintains all reimbursables related to development within the District.

On May 14, 2026, Teton NewCo, Inc., a Delaware corporation and wholly owned subsidiary of Sumitomo Forestry Co, Ltd ("Sumitomo"), a Japanese corporation listed and traded on the Tokyo Stock Exchange, merged with Tri Pointe, with Tri Pointe remaining as a wholly owned subsidiary of Sumitomo. Tri Pointe common stock was de-registered under the Securities Exchange Act of 1934 and is no longer listed or traded on the New York Stock Exchange or any other public exchange.

Tri Pointe continues to file certain reports with the SEC, which set forth, among other things, certain data relative to the consolidated results of operations and financial position of Tri Pointe Parent Corporation and its consolidated subsidiaries, including Tri Pointe, as of such dates. The SEC maintains an Internet website that contains reports and other information regarding registrants that file electronically with the SEC, including Tri Pointe Parent Corporation. The address of such website is www.sec.gov. Tri Pointe also makes available copies of such information filed with the SEC and its annual and quarterly reports in the "investors" portion of its website at www.tripointehomes.com.

Other Landowners

In 2024, Tri Pointe sold approximately 16 acres of land (112 lots) located within the Westridge Cove section of the District to DFH Coventry Homes, LLC ("Coventry Homes"), a Texas limited liability corporation. A portion of such land continues to be owned by FLHWF LLC, a Delaware limited liability corporation, which acts solely as a land holding company on behalf of Coventry Homes. FLHWF LLC sells land to Coventry as needed for homebuilding.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections are held in May in even numbered years only. None of the Board members resides within the District; however, each of the Board members owns land within the District subject to a note and deed of trust in favor of the Developer. Directors have staggered four-year terms. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	District Board Title	Term Expires
Rodger A. Sawyer	President	May 2030
Marion Fawn Creighton	Vice President	May 2028
William Sears	Secretary	May 2028
Wade Nelson	Assistant Secretary	May 2028
Joe Pugh	Assistant Secretary	May 2030

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond Counsel/Attorney: The District has engaged Coats Rose, P.C. as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on time charges actually incurred.

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The District's financial statements for the fiscal year ended November 30, 2025, were audited by McGrath & Co., PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's audited financial statements for the fiscal year ended November 30, 2025.

Engineer: The District's consulting engineer is Bleyl Engineering.

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

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

Bookkeeper: The District has contracted with L&S District Services, LLC (the "Bookkeeper") for bookkeeping services.

ROAD SYSTEM

The road system (the "Roads") serves the residents of the District by providing access to major thoroughfares and collectors within Westridge Cove, Clopton Farms and the surrounding area. The internal subdivision streets provide access to several collectors including Rabon Chapel, Clopton Farms Drive, and La Salle Avenue. These internal streets and collectors convey the residents of the District to the major thoroughfares of Texas State Highway 105 and Farm to Market Road 2854, and ultimately to Interstate 45. All Roads are either maintained or will be maintained after final acceptance by the City of Conroe. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

THE SYSTEM

Regulation

Construction and operation of the District's water, sanitary sewer and storm drainage system 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 District. Construction of water, sanitary sewer and storm drainage facilities is subject to the regulatory authority of the District, the City and Montgomery County. The TCEQ also exercises regulatory jurisdiction over portions of the water, sanitary sewer and storm drainage system.

Water Supply and Wastewater Treatment

Water supply and wastewater treatment for the District is provided by the City pursuant to the "Utility Functions Agreement." See "UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF CONROE." The City has allocated water supply and wastewater capacity in an amount adequate to serve existing and proposed development in the District based on current land plan projections. In the event that the City's facilities do not have sufficient capacity to serve the District, the City has agreed to make any necessary improvements to provide such capacity at no cost to the District.

Water Distribution, Wastewater Collection and Storm Drainage

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 550 single-family residential lots within the District. See "THE DISTRICT—Land Use."

100-Year Flood Plain

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

According to the Engineer, none of the completed lots or lots under construction within the District are located within the 100-year flood plain; however, approximately 3 acres within the District, the majority of which is currently expected to be used for drainage or open space, are within the 100-year flood plain.

UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF CONROE

Pursuant to the consent conditions for the District prescribed by the City, the City and the District acknowledged their intent to enter into a Utility Functions Agreement under the Texas Local Government Code Section 552.014. Pursuant to the Utility Functions Agreement between the District and the City (the "Utility Functions Agreement"), the City acknowledges and agrees to its consent to the creation of the District within the city limits of the City, the District acknowledges and agrees to its responsibility for acquiring and constructing for the benefit of, and for ultimate conveyance to, the City, the water distribution, wastewater collection and drainage facilities and roads to serve development occurring within the boundaries of the District (the "Facilities") and the City agrees to accept the Facilities for operation and maintenance at the sole cost of the City in consideration for the District's financing the acquisition and construction of the Facilities. In order to secure performance by the City of its obligations under the Utility Functions Agreement, the District retains a security interest in the Facilities transferred to the City until the District's bonds issued to acquire and construct the Facilities are paid off. It is the obligation of the City to set rates and charges for the use of the Facilities and to bill and collect such rates and charges from customers of the Facilities. The City agrees to charge residents of the District the same water and wastewater rates that the City charges in other parts of the City. All revenues from the Facilities belong exclusively to the City. The Utility Functions Agreement provides that the Facilities shall be designed and constructed in accordance with the City's requirements and criteria. The District retains ownership, operation and maintenance of park facilities and detention ponds.

The City agrees to provide the District with its ultimate requirements for water supply capacity and wastewater treatment capacity without capital charges of any kind. The City covenants to maintain the Facilities, or cause the Facilities to be maintained, in good condition and working order and to operate the same, or cause the same, to be operated in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. The City also covenants to comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders by any governmental or judicial body promulgating the same.

The City's right to dissolve the District is restricted under the Utility Functions Agreement. Under the terms of the Utility Functions Agreement, the City agrees that it will not dissolve the District until ninety percent of the District's Facilities have been developed and the developers advancing funds to construct the Facilities have been reimbursed to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement of the District under such rules. See "THE BONDS—Dissolution."

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$ 81,724,495	(a)
Estimated Taxable Assessed Valuation as of June 15, 2026	$104,860,530	(b)
Gross Direct Debt Outstanding (includes the Bonds and the Outstanding Bonds)	$12,530,000	(c)
Estimated Overlapping Debt	7,994,002	(d)
Gross Direct Debt and Estimated Overlapping Debt	$20,524,002	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	15.33%	
Estimated Taxable Assessed Valuation as of June 15, 2026	11.95%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	25.11%	
Estimated Taxable Assessed Valuation as of June 15, 2026	19.57%	
Funds Available for Debt Service:		
Water, Sewer, and Drainage Debt Service Funds as of September 9, 2026	$140,131	
Road Debt Service Funds as of September 9, 2026	105,308	
Capitalized Interest from proceeds of the Bonds (Twelve (12) Months)	423,500	(e)
Total Debt Service Funds Available	$668,939	
Water, Sewer, and Drainage Capital Projects Funds Available as of September 9, 2026	$ 63,337	
Road Capital Projects Funds Available as of September 9, 2026	$ 6,075	
Operating Funds Available as of September 9, 2026	$180,827	

(a) The Montgomery Central Appraisal District (the "Appraisal District") has certified $76,269,456 of taxable value and an additional $5,455,039 of taxable value remains uncertified. The uncertified value is subject to review and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on June 15, 2026. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2026 and June 15, 2026, will be certified as of January 1, 2027. See "TAXING PROCEDURES."

(c) After issuance of the Bonds. See "—Outstanding Bonds" herein.

(d) See "—Estimated Overlapping Debt" herein.

(e) The District will capitalize an amount equal to the lesser of $423,500 or twelve (12) months of interest from proceeds of the Bonds. The amount above is estimated at 5.50%. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

Outstanding Bonds

The District has previously issued $2,250,000 of unlimited tax bonds in one series and $2,680,000 of unlimited tax road bonds in one series, of which $4,830,000 is outstanding (the "Outstanding Bonds") as of the date herein.

Series		Original Principal Amount	Outstanding Bonds
2023	(a)	$ 2,680,000	$ 2,580,000
2025		2,250,000	2,250,000
Total		$ 4,930,000	$ 4,830,000

(a) Unlimited tax road bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the estimated debt service on the Bonds at an estimated interest rate of 5.75%. The schedule does not reflect the fact that the District capitalized twenty-four (24) months of interest from proceeds of the Series 2025 Bonds in December 2025 or an amount equal to the lesser of $423,500 or twelve (12) months of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Debt	Plus: Debt Service on the Bonds			Total Debt Service
		Principal	Interest	Total	
2027	$ 344,978.76		$ 355,429.86	$ 355,429.86	$ 700,408.62
2028	344,303.76	$ 145,000	442,750.00	587,750.00	932,053.76
2029	343,303.76	155,000	434,412.50	589,412.50	932,716.26
2030	347,053.76	165,000	425,500.00	590,500.00	937,553.76
2031	340,228.76	170,000	416,012.50	586,012.50	926,241.26
2032	343,403.76	180,000	406,237.50	586,237.50	929,641.26
2033	346,903.76	190,000	395,887.50	585,887.50	932,791.26
2034	345,553.76	205,000	384,962.50	589,962.50	935,516.26
2035	348,793.76	215,000	373,175.00	588,175.00	936,968.76
2036	351,573.76	230,000	360,812.50	590,812.50	942,386.26
2037	348,803.76	240,000	347,587.50	587,587.50	936,391.26
2038	350,768.76	255,000	333,787.50	588,787.50	939,556.26
2039	352,068.76	270,000	319,125.00	589,125.00	941,193.76
2040	352,893.76	285,000	303,600.00	588,600.00	941,493.76
2041	353,131.26	300,000	287,212.50	587,212.50	940,343.76
2042	352,768.76	320,000	269,962.50	589,962.50	942,731.26
2043	351,793.76	335,000	251,562.50	586,562.50	938,356.26
2044	355,325.00	355,000	232,300.00	587,300.00	942,625.00
2045	352,950.00	375,000	211,887.50	586,887.50	939,837.50
2046	354,900.00	400,000	190,325.00	590,325.00	945,225.00
2047	355,912.50	420,000	167,325.00	587,325.00	943,237.50
2048	351,131.26	445,000	143,175.00	588,175.00	939,306.26
2049	350,675.00	470,000	117,587.50	587,587.50	938,262.50
2050	354,418.76	495,000	90,562.50	585,562.50	939,981.26
2051	157,125.00	525,000	62,100.00	587,100.00	744,225.00
2052	-	555,000	31,912.50	586,912.50	586,912.50
Total	$ 8,550,763.94	$ 7,700,000	$ 7,355,192.36	$ 15,055,192.36	$ 23,605,956.30

Average Annual Debt Service Requirements (2027-2052) $907,921
Maximum Annual Debt Service Requirement (2046) $945,225

Estimated Overlapping Debt Statement

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Montgomery County……..	$ 535,450,000	8/31/2026	0.08%	$ 449,778
City of Conroe……..	466,075,000	8/31/2026	0.54%	2,521,466
Lone Star College……	338,975,000	8/31/2026	0.02%	57,626
Conroe Independent School District (a)……..	2,844,260,000	8/31/2026	0.06%	1,791,884
Montgomery Independent School District (a)……	564,635,000	8/31/2026	0.56%	3,173,249
Total Estimated Overlapping Debt……				$ 7,994,002
The District……..	$ 12,530,000	(b)	100.00%	12,530,000
Total Direct and Estimated Overlapping Debt……				$ 20,524,002

Direct and Estimated Overlapping Debt as a Percentage of:

2026 Taxable Assessed Valuation of $81,724,495	25.11%
Estimated Taxable Assessed Valuation as of June 15, 2026, of $104,860,530.....	19.57%

(a) Approximately 88 acres of the District (Westridge Cove) are located within Conroe Independent School District and approximately 125 acres of the District (Clopton Farms) are located within the Montgomery Independent School District. See "THE DISTRICT."

(b) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see "Estimated Overlapping Debt Statement" above), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the taxes levied for the 2026 tax year by all taxing jurisdictions overlapping the District and the District's 2026 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation	Tax Rate per $100 of Taxable Assessed Valuation
Montgomery County……	$ 0.386000	$ 0.386000
Montgomery County Hospital District……	0.045800	0.045800
City of Conroe……	0.427000	0.427000
Lone Star College……	0.105800	0.105800
Montgomery Independent School District (a)…..	-	1.047900
Conroe Independent School District (b)……	0.947100	-
Total Overlapping Tax Rate……	$ 1.911700	$ 2.012500
The District ……	$ 0.900000	$ 0.900000
Total Tax Rate……	$ 2.811700	$ 2.912500

(a) Approximately 125 acres of the District are located within the Montgomery Independent School District.
(b) Approximately 88 acres of the District are located within the Conroe Independent School District.

General Operating Fund

Since the District receives water supply and wastewater services from the City, it is anticipated that the District maintenance tax proceeds will be the sole source of revenue available to the District to pay for District operations. The following statement sets forth in condensed form an audited summary for the fiscal years ended November 30, 2022 through 2025 and the unaudited summary provided by the Bookkeeper for the nine-month period ending August 31, 2026. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

		Fiscal Year Ended November 30			
	12/1/2025 to 8/31/2026	2025	2024	2023	2022
	(Unaudited)				
Revenues:					
Property Taxes	$ 270,990	$ 178,089	$ 189,120	$ 58,845	$ 125
Penalty and Interest	-	-	2,517	118	9
Miscellaneous	-	-	874	146	10
Interest on Temp Investments	1,803	1,511	2,328	-	-
Total Revenues	$ 272,793	$ 179,600	$ 194,839	$ 59,109	$ 144
Expenditures:					
Professional Fees	$ 49,999	$ 89,839	$ 58,593	$ 75,116	$ 23,474
Contracted Services	7,600	12,872	22,000	18,049	4,504
Repairs and Maintenance	32,391	90,937	40,575	9,749	4,671
Administrative	4,282	9,668	11,570	12,134	7,423
Other	2,454	170	565	1,484	380
Total Expenditures	$ 96,726	$ 203,486	$ 133,303	$ 116,532	$ 40,452
NET REVENUES	$ 176,067	$ (23,886)	$ 61,536	$ (57,423)	$ (40,308)
Other Financing Sources					
Internal Transfers	$ -	$ -	$ 13,930	$ -	$ -
Developer Advances	-	20,500	20,000	41,000	46,000
Total Other Financing Sources	$ -	$ 20,500	$ 33,930	$ 41,000	$ 46,000
General Operating Fund Balance (Beginning of Year)	$ 69,183	$ 72,569	$ (22,896)	$ (6,474)	$ (12,166)
General Operating Fund Balance (End of Year)	$ 245,249	$ 69,183	$ 72,569	$ (22,896)	$ (6,474)

TAX DATA

Debt Service Tax

The District covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "—Historical Tax Rate Distribution" and "—Tax Roll Information" below, and "TAXING PROCEDURES."

Maintenance and Operations Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted on May 2, 2020, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation and a road maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation.

Historical Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.47	$ 0.50	$ 0.18	$ -	$ -
Maintenance and Operations	0.43	0.40	0.72	0.90	0.90
Total	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year (April 1 for personal property), but not later than May 1 of that year, and that remain delinquent on 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 statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "—Tax Roll Information" below.

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of October 7, 2026 (b) Amount	Percent
2022	$ 7,722,605	$ 0.900	$ 69,503	$ 62,666	90.16% (c)
2023	21,734,487	0.900	195,610	195,610	100.00%
2024	39,193,281	0.900	352,740	347,916	98.63%
2025	59,425,103	0.900	534,826	478,990	89.56% (d)
2026	76,269,456	0.900	686,425	(e)	(e)

(a) As certified by the Appraisal District. See "—Tax Roll Information" herein and "TAXING PROCEDURES."
(b) Unaudited.
(c) Delinquent taxpayers for respective tax years shown in table above have been notified of delinquency and such matters are under review by the delinquent tax attorney engaged by the District.
(d) The Appraisal District added approximately $15,800,000 of taxable value to the District's 2025 tax roll after the January 31, 2026 property tax payment due date; therefore, the deadline for payment of such taxes has been extended to October 1, 2026. The District is in the process of collecting the tax revenue associated with such value.
(e) Taxes for 2026 are due by January 31, 2027.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2022 through 2026 Taxable Assessed Valuations. Accurate breakdowns of the uncertified portion ($5,455,039) of the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of June 15, 2026, of $104,860,530 are not available as of the date hereof. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

Tax Year	Type of Property: Land	Type of Property: Improvements	Type of Property: Personal Property	Gross Assessed Valuations	Deferments and Exemptions	Uncertified Value	Net Assessed Valuations
2022	$ 6,261,640	$ 2,682,270	$ 759,748	$ 9,703,658	$ (1,981,053)	$ -	$ 7,722,605
2023	9,244,810	14,691,610	71,983	24,008,403	(2,273,916)	-	21,734,487
2024	20,537,748	21,279,733	191,420	42,008,901	(2,815,620)	-	39,193,281
2025	21,052,866	40,956,382	620,568	62,629,816	(3,204,713)	-	59,425,103
2026	22,681,133	57,061,068	1,161,331	80,903,532	(4,634,076)	5,455,039	81,724,495

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the certified portion ($76,269,456) of the 2026 Taxable Assessed Valuation of $81,724,495. The information in the following table represents ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($5,455,039) of the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of June 15, 2026, of $104,860,530 are not available as of the date hereof.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Tri Pointe Homes Texas Inc (a)	$ 7,599,040	9.96%
FLHWF LLC (b)	852,600	1.12%
DFH Coventry LLC (b)	840,260	1.10%
Individual	659,794	0.87%
Individual	655,876	0.86%
Individual	649,600	0.85%
Individual	639,739	0.84%
Individual	630,000	0.83%
Individual	623,878	0.82%
Individual	595,763	0.78%
Total	$ 13,746,550	18.02%

(a) The Developer. See "THE DEVELOPER AND OTHER LANDOWNERS."
(b) Related Entities. See "THE DISTRICT—Status of Development" and "THE DEVELOPER AND OTHER LANDOWNERS."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $81,724,495 ($76,269,456 of certified value and $5,455,039 of uncertified value) and the Estimated Taxable Assessed Valuation as of June 15, 2026, of $104,860,530. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety percent (90%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "RISK FACTORS—Possible Impact on District Tax Rates"

Average Annual Debt Service Requirement (2027-2052)	$907,921
$1.24 Tax Rate on the 2026 Taxable Assessed Valuation	$912,045
$0.97 Tax Rate on the Estimated Taxable Assessed Valuation as of June 15, 2026	$915,432
Maximum Annual Debt Service Requirement (2046)	$945,225
$1.29 Tax Rate on the 2026 Taxable Assessed Valuation	$948,821
$1.01 Tax Rate on the Estimated Taxable Assessed Valuation as of June 15, 2026	$953,182

No representation or suggestion is made that the uncertified portion ($5,455,039) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of June 15, 2026, provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of there attainment.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Montgomery Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Montgomery County, including the District. Such appraisal values are subject to review and change by the Montgomery Central Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income and mobile homes are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of taxable

valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. To date, the District has not adopted a homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to a cumulative 10 percent annual increase regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

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

Unless extended by the Legislature, through December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,320,000 (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. The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

Disaster Exemption

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, 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 1.08 times the previous year's operation and maintenance tax rate.

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

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

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

District's Rights in the Event of Tax Delinquencies

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

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 subject to the restrictions on residential homesteads described in the preceding section under "Levy and Collection of Taxes". 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 six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the City, Montgomery County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt, or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of and Security for Payment." The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the Bonds ("Registered Owners") of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "—Registered Owners' Remedies and Bankruptcy Limitations" herein.

Economic Factors and Interest Rates

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

Credit Markets and Liquidity in the Financial Markets

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

Competition

The demand for and construction of single-family homes in the District could be affected by competition from other residential developments located in the northern portion of the Houston metropolitan area and throughout Montgomery County. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developer in the construction and sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District.

The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Increase in Costs of Building Materials

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

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2026 Taxable Assessed Valuation is $81,724,495 ($76,269,456 of certified value and $5,455,039 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $945,225 (2046), and the average annual debt service requirement will be $907,921 (2027-2052, inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, a tax rate of $1.29 per $100 of taxable assessed valuation at a ninety percent (90%) collection rate would be necessary to pay the maximum annual debt service requirement and $1.24 per $100 taxable assessed valuation at a ninety percent (90%) collection rate would be necessary to pay the average annual debt service requirements. The Estimated Taxable Assessed Valuation as of June 15, 2026, is $104,860,530, which reduces the above calculations to $1.01 and $0.97 per $100 of taxable assessed valuation, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion ($5,455,039) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of June 15, 2026 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

The Developer and other landowners have informed the District that their current plans are to continue developing its property in the District and building homes. The sale of new homes is the primary mechanism by which the tax base is diversified. However, neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developer or any other landowners.

Undeveloped Acreage and Vacant Lots

There are approximately 33 developable acres of land in the District that have not been fully provided with water, sanitary sewer, storm sewer, road and other facilities necessary for the construction of taxable improvements and 229 developed lots that are available for home construction but remain vacant as of September 4, 2026. Failure of the Developer to develop the developable land or build homes on the developed lots could restrict the rate of growth of the taxable values in the District. Future increases in value will result primarily from the construction of lots and homes. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding programs. See "THE DISTRICT—Land Use" and "—Status of Development." The rate of development of the undeveloped acreage may be affected by the City need to make necessary improvements, at its own expense, to provide sufficient capacity to serve the developable acres under the Utility Agreement with the City. See "UTILITY AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF CONROE."

Developer and Landowner Obligation to the District

There are no commitments from or obligations of the Developer or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that the taxable value of property within the District will increase or be maintained at the current level during the life of the Bonds. See "THE DEVELOPER AND OTHER MAJOR LANDOWNERS."

Tax Collections Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer.

In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy Limitations

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

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

Notwithstanding noncompliance by a district with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning District relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid purpose. The District's voters have authorized a total of $44,989,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring water, wastewater, and drainage facilities, $39,926,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring roads and related facilities, $13,650,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities, $59,889,000 principal amount of unlimited tax bonds for the purpose of refunding road bonds, $67,483,000 amount of unlimited tax bonds for the purpose of refunding bonds issued for water, wastewater and drainage improvements and facilities, and $20,475,000 principal amount of unlimited tax bonds for the purpose of refunding unlimited tax bonds for park facilities. After the issuance of the Bonds, $29,546,000 principal amount of the authorized amount for road facilities, $42,739,000 principal amount of the authorized amount for water, wastewater and drainage facilities, $13,650,000 principal amount of the authorized amount for parks and recreational facilities and $147,847,000 principal amount of the authorized amount for refunding previously issued bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and could adversely affect the security for, and the investment quality and value of, the Bonds.

To date, the Developer has advanced certain funds for construction of water, wastewater and drainage facilities, recreational facilities and roads and related facilities for which they have not been reimbursed. After the reimbursements are made with Bond proceeds, the District will owe approximately $19,000,000 plus interest to the Developer for the construction of utilities and paving as of the date hereof. The District intends to issue additional bonds in order to reimburse the Developer for existing development and to develop the remaining approximately 33 acres of undeveloped but developable land. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. Further, the principal amount of unlimited tax bonds issued by the District for constructing and/or acquiring park and recreational facilities may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may not exceed an amount equal to three percent (3%) of the value of the taxable property in the District. The issuance of additional bonds for water, wastewater and drainage facilities and park and recreational facilities is subject to approval by the TCEQ (as defined herein) pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Potential Effects of Oil Price Volatility on the Houston Region

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 may have on property values within the District.

Extreme Weather

The greater Gulf Coast area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 27, 2017, and brought historic levels of rainfall during the successive four days.

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

Specific Flood Type Risks

The District may be subject to the following flood risks:

River (or Fluvial) Flood: 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 overland. 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 floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee or dam has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam or levee also could potentially create a flooding condition in rivers or man-made drainage systems (canals or channels) downstream.

Ponding (or Pluvial) Flood: occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can over capacitate a drainage system which becomes trapped and flows out into streets and nearby structures until it reaches a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

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

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

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

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

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

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District applied for a waiver from the MS4 Permit, but such waiver was denied and the District must comply with the MS4 Permit. The District has until March 17, 2027 to develop a Stormwater Management Program ("SWMP") and submit a related notice of intent to the TCEQ. The District could incur substantial costs to develop, implement, and maintain the necessary plans in connection with the SWMP 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 "water of the United States" under the CWA to conform with the Supreme Court's decision.

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

Marketability of the Bonds

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

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

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "TAX MATTERS."

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

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

Cybersecurity

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

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. Applications have been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriter and at the Underwriter's expense. Any rating fees associated with the insurance will be the responsibility of the Underwriter. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

LEGAL MATTERS

Legal Opinions

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

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

No-Litigation Certificate

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

Qualified Tax-Exempt Obligations

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

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

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

No Material Adverse Change

The obligations of the Underwriter 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 Exemption

On the date of initial delivery of the Bonds, Coats Rose, P.C., Houston, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986 (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering such opinion, Bond Counsel will rely upon representations and certifications of the District made in a certificate pertaining to the use, expenditure, and investment of the proceeds of the Bonds and certain other funds and will assume continuing compliance by the District with the representations and warranties in and covenants of the Bond Order subsequent to the issuance of the Bonds. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, "S" corporations with "subchapter C" earnings and profits, owners of interests in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry (or who have paid or incurred certain expenses allocable to) tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

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

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

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

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT, including the OFFICIAL NOTICE OF SALE and the OFFICIAL BID FORM for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by Assessments of the Southwest, Inc., and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the District's water, wastewater and storm drainage system and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Bleyl Engineering and has been included herein in reliance upon the authority of said firm as the District's Engineer.

Auditor: The District's financial statements for the fiscal year ended November 30, 2025 were audited by McGrath & Co., PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's November 30, 2025 financial statements.

Bookkeeper: The information related to the unaudited summary of the District's General Operating Fund as it appears in "THE SYSTEM" has been provided from records of L&S District Services and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any material adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 25 days after the date of the end of the underwriting period).

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "WATER, WASTEWATER AND DRAINAGE," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "—Estimated Overlapping Debt," "TAX DATA," and in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2026. Any financial statements provided by the District shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is November 30. Accordingly, it must provide updated information by May 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

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

Availability of Information from the MSRB

The District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at www.emma.msrb.org.

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; nor has the District agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance With Prior Undertakings

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

MISCELLANEOUS

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

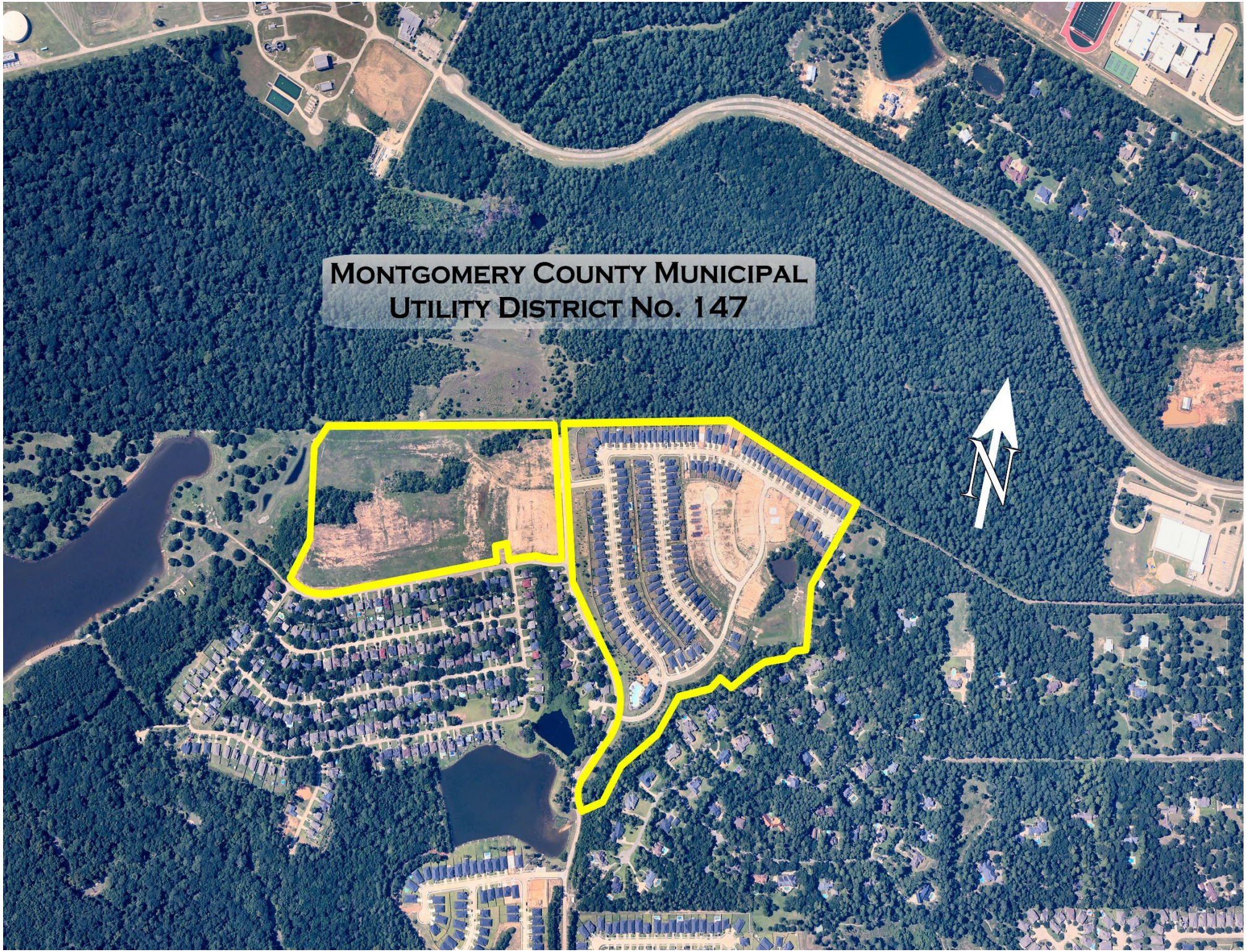
/s/ _____
President, Board of Directors

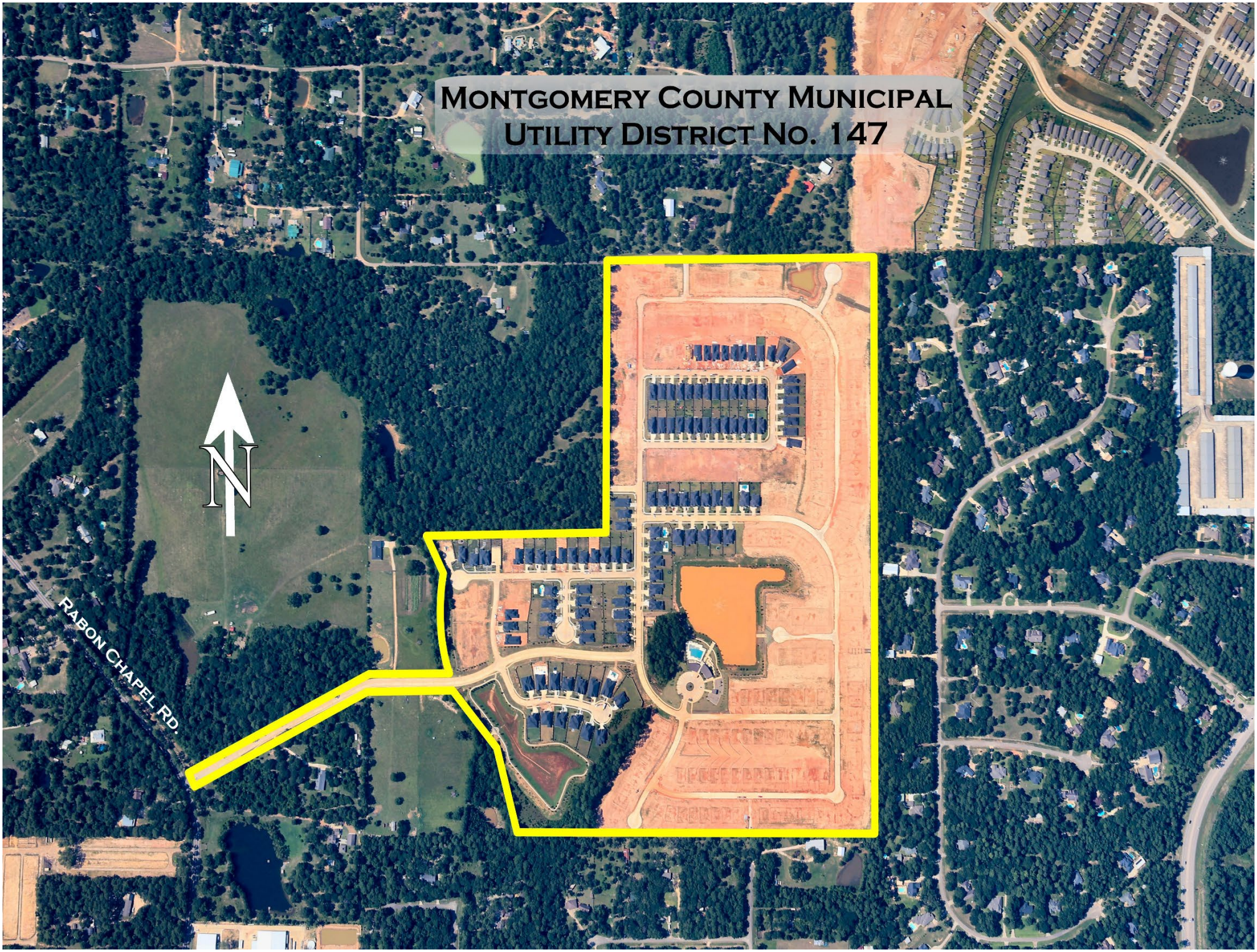
ATTEST:

/s/ _____
Secretary, Board of Directors

AERIAL LOCATION MAP

(As of July 2026)


Montgomery County Municipal
Utility District No. 147
N


Montgomery County Municipal
Utility District No. 147
N
Rabon Chapel Rd.

PHOTOGRAPHS OF THE DISTRICT

(As of July 2026)

COVENTRY HOMES
SOLD

tri pointe
AVAILABLE

tri pointe

COVENTRY HOMES
FOR SALE

APPENDIX A

Financial Statements of the District for the fiscal year ended November 30, 2025

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

November 30, 2025

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McGRATH & CO., PLLC
Certified Public Accountants
2950 North Loop West, Suite 810
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 147
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 147 (the "District"), as of and for the year ended November 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 Montgomery County Municipal Utility District No. 147, as of November 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
April 8, 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 Montgomery County Municipal Utility District No. 147 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended November 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 November 30, 2025, was negative $14,901,169. The District's net position is negative because the District incurs debt to construct water, sewer, certain drainage facilities and road facilities which it conveys to the City of Conroe and because the District relies on advances from its developer to fund operating costs. A comparative summary of the District's overall financial position, as of November 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 448,104	$ 483,180
Capital assets	5,783,997	4,567,658
Total assets	6,232,101	5,050,838
Current liabilities	145,304	120,962
Long-term liabilities	20,700,548	18,486,062
Total liabilities	20,845,852	18,607,024
Total deferred inflows of resources	287,418	167,509
Net position		
Net investment in capital assets	(398,795)	(269,670)
Restricted	173,496	190,510
Unrestricted	(14,675,870)	(13,644,535)
Total net position	$ (14,901,169)	$ (13,723,695)

The total net position of the District decreased during the current fiscal year by $1,177,474. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	$ 238,190	$ 200,331
Other	12,843	15,066
Total revenues	251,033	215,397
Expenses		
Operating and administrative	256,456	141,988
Debt interest and fees	144,404	143,014
Developer interest		209,262
Debt issuance costs		234,778
Depreciation	105,426	33,158
Total expenses	506,286	762,200
Change in net position before other items	(255,253)	(546,803)
Other items		
Transfers to other governments	(922,221)	(9,474,469)
Change in net position	(1,177,474)	(10,021,272)
Net position, beginning of year	(13,723,695)	(3,702,423)
Net position, end of year	$ (14,901,169)	$ (13,723,695)

Financial Analysis of the District's Funds

The District's combined fund balances, as of November 30, 2025, were $87,467, which consists of $69,183 in the General Fund, $48,779 in the Debt Service Fund and negative $30,495 in the Capital Projects Fund.

General Fund

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

	2025	2024
Total assets	$ 268,014	$ 250,497
Total liabilities	$ 58,215	$ 34,705
Total deferred inflows	140,616	143,223
Total fund balance	69,183	72,569
Total liabilities, deferred inflows and fund balance	$ 268,014	$ 250,497

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

	2025	2024
Total revenues	$ 179,600	$ 194,839
Total expenditures	(203,486)	(133,303)
Revenues over/(under) expenditures	(23,886)	61,536
Other changes in fund balance	20,500	33,930
Net change in fund balance	$ (3,386)	$ 95,466

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 and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2024 levy was recognized as revenues in the 2025 fiscal year, while the 2023 levy was recognized in the 2024 fiscal year (to the extent that these amounts were collected). While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.
- The District's developer advances funds to the District as needed to pay operating costs.

Debt Service Fund

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

	2025	2024
Total assets	$ 277,862	$ 226,767
Total liabilities	$ 68,734	$ -
Total deferred inflows	160,349	33,502
Total fund balance	48,779	193,265
Total liabilities, deferred inflows and fund balance	$ 277,862	$ 226,767

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

	2025	2024
Total revenues	$ 66,838	$ 10,714
Total expenditures	(211,324)	(107,507)
Revenues under expenditures	(144,486)	(96,793)
Other changes in fund balance		290,058
Net change in fund balance	$ (144,486)	$ 193,265

The District's financial resources in the Debt Service Fund in the current fiscal year are from property tax revenues. During the prior fiscal year, financial resources were primarily from capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in changes 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 November 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 6,130	$ 5,916
Total liabilities	$ 36,625	$ -
Total fund balance	(30,495)	5,916
Total liabilities and fund balance	$ 6,130	$ 5,916

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

	2025	2024
Total revenues	$ 264	$ 1,150
Total expenditures	(36,675)	(2,371,246)
Revenues under expenditures	(36,411)	(2,370,096)
Other changes in fund balance		2,376,012
Net change in fund balance	$ (36,411)	$ 5,916

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

The District's negative fund balance is due to bond application fees paid by the General Fund, which were reimbursed from the issuance of the Series 2025 bonds subsequent to year end.

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 $3,386 less than budgeted. The *Budgetary Comparison Schedule* on page 32 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into a financing agreement with its developer for the financing of the construction of capital assets within the District. The 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 November 30, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	$ 3,544,513	$ 3,520,453
Capital assets being depreciated		
Infrastructure	818,916	818,125
Landscape improvements	889,246	299,544
Recreational facilities	707,212	
	2,415,374	1,117,669
Less accumulated depreciation		
Infrastructure	(73,685)	(55,487)
Land improvements	(59,439)	(14,977)
Recreational facilities	(42,766)	
	(175,890)	(70,464)
Depreciable capital assets, net	2,239,484	1,047,205
Capital assets, net	$ 5,783,997	$ 4,567,658

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

- Westridge Cove Section 3 Reserve "A" improvements
- Clopton Farms Recreational Center – hardscape and landscape

The District and the City of Conroe (the "City") have entered into an agreement which obligates the District to construct water, wastewater, certain storm drainage and road facilities to serve the District and, when completed, to convey title to the facilities to the City. Detention facilities are retained by

the District. For the year ended November 30, 2025, capital assets in the amount of $922,221 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of November 30, 2025, the District owes approximately $18,120,548 to the 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 $7,010,000 for projects under construction by the developer. 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 November 30, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2023 Road	$ 2,630,000	$ 2,680,000

At November 30, 2025, the District had $44,989,000 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 $67,483,000 for the refunding of such bonds; $13,650,000 for parks and recreational facilities and $20,475,000 for the refunding of such bonds; and $37,246,000 for road improvements and $59,889,000 for the refunding of such bonds.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and 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	$ 179,600	$ 131,500
Total expenditures	(203,486)	(191,198)
Revenues under expenditures	(23,886)	(59,698)
Other changes in fund balance	20,500	59,698
Net change in fund balance	(3,386)	
Beginning fund balance	72,569	69,183
Ending fund balance	$ 69,183	$ 69,183

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Basic Financial Statements

Montgomery County Municipal Utility District No. 147
Statement of Net Position and Governmental Funds Balance Sheet
November 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 23,496	$ 117,513	$ 6,130	$ 147,139	$ -	$ 147,139
Taxes receivable	140,616	160,349		300,965		300,965
Interfund receivables	103,902			103,902	(103,902)	
Capital assets not being depreciated					3,544,513	3,544,513
Capital assets, net					2,239,484	2,239,484
Total Assets	$ 268,014	$ 277,862	$ 6,130	$ 552,006	5,680,095	6,232,101
Liabilities						
Accounts payable	$ 56,215	$ -	$ -	$ 56,215		56,215
Other payables	2,000	1,457		3,457		3,457
Interfund payables		67,277	36,625	103,902	(103,902)	
Accrued interest payable					35,632	35,632
Due to developer					18,120,548	18,120,548
Long-term debt						
Due within one year					50,000	50,000
Due after one year					2,580,000	2,580,000
Total Liabilities	58,215	68,734	36,625	163,574	20,682,278	20,845,852
Deferred Inflows of Resources						
Deferred property taxes	140,616	160,349		300,965	(13,547)	287,418
Fund Balances/Net Position						
Fund Balances						
Restricted		48,779		48,779	(48,779)	
Unassigned	69,183		(30,495)	38,688	(38,688)	
Total Fund Balances	69,183	48,779	(30,495)	87,467	(87,467)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 268,014	$ 277,862	$ 6,130	$ 552,006		
Net Position						
Net investment in capital assets					(398,795)	(398,795)
Restricted for debt service					173,496	173,496
Unrestricted					(14,675,870)	(14,675,870)
Total Net Position					$ (14,901,169)	$ (14,901,169)

See notes to basic financial statements.

Montgomery County Municipal Utility District No. 147
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended November 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 178,089	$ 50,831	$ -	$ 228,920	$ 2,954	$ 231,874
Penalties and interest		4,939		4,939	1,377	6,316
Miscellaneous		4,539		4,539		4,539
Investment earnings	1,511	6,529	264	8,304		8,304
Total Revenues	179,600	66,838	264	246,702	4,331	251,033
Expenditures/Expenses						
Operating and administrative						
Professional fees	89,839		36,625	126,464		126,464
Contracted services	12,872	13,379		26,251		26,251
Repairs and maintenance	90,937			90,937		90,937
Administrative	9,668	1,309		10,977		10,977
Other	170	1,607	50	1,827		1,827
Debt service						
Principal		50,000		50,000	(50,000)	
Interest and fees		145,029		145,029	(625)	144,404
Depreciation					105,426	105,426
Total Expenditures/Expenses	203,486	211,324	36,675	451,485	54,801	506,286
Revenues Under Expenditures/Expenses	(23,886)	(144,486)	(36,411)	(204,783)	(50,470)	(255,253)
Other Financing Sources						
Developer advances	20,500			20,500	(20,500)	
Other Items						
Transfers to other governments					(922,221)	(922,221)
Net Change in Fund Balances	(3,386)	(144,486)	(36,411)	(184,283)	184,283	
Change in Net Position					(1,177,474)	(1,177,474)
Fund Balance/Net Position						
Beginning of the year	72,569	193,265	5,916	271,750	(13,995,445)	(13,723,695)
End of the year	$ 69,183	$ 48,779	$ (30,495)	$ 87,467	$ (14,988,636)	$ (14,901,169)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Montgomery County Municipal Utility District No. 147 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was created under Section 59, Article XVI of the Texas Constitution by Senate House Bill 2025, 84th Regular Session of the Texas Legislature, codified as Chapter 7907, Texas Special District Local Laws Code, effective September 1, 2015, as amended by House Bill 4649, 86th Legislature, Regular Session, effective May 29, 2019, and operates in accordance with the Texas Water Code, Chapter 49 and 54. The Board of Directors held its first meeting on February 14, 2020 and the first bonds were issued on December 6, 2023.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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 November 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 the government-wide 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 as follows:

Assets	Useful Life
Infrastructure	45 years
Landscape improvements	20 years
Recreational facilities	15-20 years

The District's detention facilities 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.

Deferred inflows of financial resources at the government-wide level consist of the 2025 property tax levy, which was levied to finance the 2026 fiscal year.

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 and capitalized interest from the sale of bonds in the Debt Service Fund.

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

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 balance 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 the City of Conroe 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		$ 87,467
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 5,959,887	
Less accumulated depreciation	(175,890)	
		5,783,997
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	(35,632)	
Due to developer	(18,120,548)	
Bonds payable	(2,630,000)	
		(20,786,180)
Deferred inflows in the fund statements consist of the unavailable portion of property taxes. In the *Statement of Net Position*, deferred inflows consist of the entire 2025 property tax levy.		
Fund level deferred property taxes	300,965	
Government-wide level deferred property taxes	(287,418)	
		13,547
Total net position - governmental activities		$ (14,901,169)

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		$ (184,283)
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.		4,331
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:		
Transfers to other governments	$ (922,221)	
Depreciation expense	(105,426)	
		(1,027,647)
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:		
Developer advances	(20,500)	
Principal payments - bonds	50,000	
Interest expense accrual	625	
		30,125
Change in net position of governmental activities		$ (1,177,474)

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.

Note 4 – Interfund Balances

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

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 67,277	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	36,625	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 November 30, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 3,520,453	$ 24,060	$ 3,544,513
Capital assets being depreciated			
Infrastructure	818,125	791	818,916
Landscaping improvements	299,544	589,702	889,246
Recreational facilities		707,212	707,212
	1,117,669	1,297,705	2,415,374
Less accumulated depreciation			
Infrastructure	(55,487)	(18,198)	(73,685)
Landscaping improvements	(14,977)	(44,462)	(59,439)
Recreational facilities		(42,766)	(42,766)
	(70,464)	(105,426)	(175,890)
Subtotal depreciable capital assets, net	1,047,205	1,192,279	2,239,484
Capital assets, net	$ 4,567,658	$ 1,216,339	$ 5,783,997

Depreciation expense for the current fiscal year was $105,426.

Note 6 – Due to Developer

The District has entered into a financing agreement with its developer for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreement, 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	$ 15,856,062
Developer funded construction and adjustments	2,243,986
Operating advances from developer	20,500
Due to developer, end of year	$ 18,120,548

In addition, the District will owe the developer approximately $7,010,000, 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 *
Clopton Farms Phase II - mass grading and detention	$ 1,270,000
Clopton Farms Section 1 - mitigation and landscaping	850,000
Clopton Farms Section 4 - utilities and paving	1,430,000
Clopton Farms Section 5 - utilities and paving	1,990,000
Clopton Farms Section 6 - utilities and paving	1,470,000
	$ 7,010,000

* Rounded to the nearest $10,000

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 2,630,000
Due within one year	$ 50,000

The District's bonds payable at November 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 Road	$ 2,630,000	$ 2,680,000	5.00% - 5.625%	September 1, 2025/2050	March 1, September 1	September 1, 2030

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 November 30, 2025, the District had authorized but unissued bonds in the amount of $44,989,000 for water, sewer and drainage facilities and $67,483,000 for the refunding of such bonds; $13,650,000 for park and recreational facilities and $20,475,000 for the refunding of such bonds; and $37,246,000 for road improvements and $59,889,000 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	$ 2,680,000
Bonds retired	(50,000)
Bonds payable, end of year	$ 2,630,000

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

Year	Principal	Interest	Totals
2026	$ 50,000	$ 142,529	$ 192,529
2027	55,000	140,029	195,029
2028	55,000	137,279	192,279
2029	60,000	134,529	194,529
2030	65,000	131,529	196,529
2031	65,000	128,279	193,279
2032	70,000	125,029	195,029
2033	75,000	121,529	196,529
2034	80,000	117,779	197,779
2035	85,000	113,619	198,619
2036	90,000	109,199	199,199
2037	95,000	104,429	199,429
2038	100,000	99,394	199,394
2039	105,000	93,894	198,894
2040	110,000	88,119	198,119
2041	115,000	82,069	197,069
2042	120,000	75,744	195,744
2043	125,000	69,144	194,144
2044	135,000	62,269	197,269
2045	140,000	54,844	194,844
2046	150,000	46,969	196,969
2047	160,000	38,530	198,530
2048	165,000	29,530	194,530
2049	175,000	20,249	195,249
2050	185,000	10,405	195,405
	$ 2,630,000	$ 2,276,918	$ 4,906,918

Note 8 – Property Taxes

On May 2, 2020, 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's board of Directors to levy a road maintenance tax limited to $1.50 per $100 of assessed value and a park maintenance tax 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 $0.90 per $100 of assessed value, of which $0.72 was allocated to maintenance and operations and $0.18 was allocated to road debt service. The resulting tax levy was $239,282 on the adjusted taxable value of $26,586,944.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. On the government-wide *Statement of Net Position*, the full 2025 tax levy of $287,418 is reported as deferred inflows. These amounts will be recognized as revenue in 2026.

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

Current year taxes receivable	$ 287,418
Prior years taxes receivable	9,836
	297,254
Penalty and interest receivable	3,711
Net property taxes receivable	$ 300,965

Note 9 – Transfers to Other Governments

In accordance with an agreement between the District and the City of Conroe (the "City"), the District transfers all of its water, sewer, certain drainage, and road facilities to the City (see Note 10). Accordingly, the District does not record these capital assets in the *Statement of Net Position* but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended November 30, 2025, the District reported transfers to other governments in the amount of $922,221 for projects completed and transferred to the City.

Note 10 – Utility Agreement with the City of Conroe

On December 10, 2020, the District entered into a utility agreement with the City for construction and extension of water distribution lines, sanitary sewer collection systems, drainage facilities and roads to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system. The City will provide service to all users in the District and the water and sewer rates charged by the City to users in the District shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City. The agreement will remain in effect for 40 years or until the dissolution of the District, whichever comes first.

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 – Economic Dependency

The District is dependent upon its developer for operating advances. The developer continues to own a substantial portion of the taxable property within the District. The developer's willingness to make future operating advances and/or to pay property taxes will directly affect the District's ability to meet its future obligations.

Note 13 – Subsequent Event

On December 15, 2025 the District issued its $2,250,000 Series 2025 Unlimited Tax Bonds at a net effective rate of 4.740995%. Proceeds from the bonds were used to reimburse the District's developer for operating advances and infrastructure improvements in the District.

Required Supplementary Information

Montgomery County Municipal Utility District No. 147
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended November 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	$ 100,000	$ 178,089	$ 78,089
Investment earnings	1,100	1,511	411
Total Revenues	101,100	179,600	78,500
Expenditures			
Operating and administrative			
Professional fees	74,500	89,839	(15,339)
Contracted services	12,000	12,872	(872)
Repairs and maintenance	22,000	90,937	(68,937)
Administrative	11,653	9,668	1,985
Other	250	170	80
Total Expenditures	120,403	203,486	(83,083)
Revenues Under Expenditures	(19,303)	(23,886)	(4,583)
Other Financing Sources			
Developer advances	19,303	20,500	1,197
Net Change in Fund Balance		(3,386)	(3,386)
Fund Balance			
Beginning of the year	72,569	72,569	
End of the year	$ 72,569	$ 69,183	$ (3,386)

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

Montgomery County Municipal Utility District No. 147
TSI-1. Services and Rates
November 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): Water and wastewater services are provided by the City of Conroe

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 [X] Partly [ ] Not at all [ ]

City(ies) in which the District is located: City of Conroe

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

Entirely [ ] Partly [ ] Not at all [X]

ETJs in which the District is located: _____

Are Board members appointed by an office outside the district? Yes [ ] No [X]

If Yes, by whom? _____

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 147
TSI-2. General Fund Expenditures
For the Year Ended November 30, 2025

Professional fees		
Legal	$	54,002
Audit		16,000
Engineering		19,837
		89,839
Contracted services		
Bookkeeping		12,872
Repairs and maintenance		90,937
Administrative		
Directors fees		5,967
Insurance		3,245
Other		456
		9,668
Other		170
Total expenditures	$	203,486

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 147
TSI-4. Taxes Levied and Receivable
November 30, 2025

	Maintenance Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 140,889	$ 33,502	$ 174,391
Adjustments to Prior Year Tax Levy	50,887	12,997	63,884
Adjusted Receivable	191,776	46,499	238,275
2025 Original Tax Levy	123,564	154,455	278,019
Adjustments	4,177	5,222	9,399
Adjusted Tax Levy	127,741	159,677	287,418
Total to be accounted for	319,517	206,176	525,693
Tax collections:			
Current year	-	-	-
Prior years	182,612	45,827	228,439
Total Collections	182,612	45,827	228,439
Taxes Receivable, End of Year	$ 136,905	$ 160,349	$ 297,254
Taxes Receivable, By Years			
2025	$ 127,741	$ 159,677	$ 287,418
2024	2,690	672	3,362
2023	58		58
2022 and prior	6,416		6,416
Taxes Receivable, End of Year	$ 136,905	$ 160,349	$ 297,254

	2025	2024	2023	2022
Property Valuations:				
Land	$ 10,493,964	$ 7,210,646	$ 7,362,830	$ 4,379,660
Improvements	23,101,054	21,279,733	14,691,610	2,682,270
Personal Property	616,566	191,420	71,983	759,748
Exemptions	(2,276,267)	(2,094,855)	(1,248,086)	(954,333)
Total Property Valuations	$ 31,935,317	$ 26,586,944	$ 20,878,337	$ 6,867,345
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.40	$ 0.72	$ 0.90	$ 0.90
Road debt service tax rates	0.50	0.18		
Total Tax Rates per $100 Valuation	$ 0.90	$ 0.90	$ 0.90	$ 0.90
Adjusted Tax Levy:	$ 287,418	$ 239,282	$ 187,905	$ 61,806
Percentage of Taxes Collected to Taxes Levied **	0.00%	98.59%	99.32%	89.62%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 2, 2020
* Maximum Road Maintenance Tax Rate Approved by Voters: $1.50 on May 2, 2020
* Maximum Parks and Recreational Maintenance Tax Rate Approved by Voters: $1.50 on May 2, 2020
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 147
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
November 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 50,000	$ 142,529	$ 192,529
2027	55,000	140,029	195,029
2028	55,000	137,279	192,279
2029	60,000	134,529	194,529
2030	65,000	131,529	196,529
2031	65,000	128,279	193,279
2032	70,000	125,029	195,029
2033	75,000	121,529	196,529
2034	80,000	117,779	197,779
2035	85,000	113,619	198,619
2036	90,000	109,199	199,199
2037	95,000	104,429	199,429
2038	100,000	99,394	199,394
2039	105,000	93,894	198,894
2040	110,000	88,119	198,119
2041	115,000	82,069	197,069
2042	120,000	75,744	195,744
2043	125,000	69,144	194,144
2044	135,000	62,269	197,269
2045	140,000	54,844	194,844
2046	150,000	46,969	196,969
2047	160,000	38,530	198,530
2048	165,000	29,530	194,530
2049	175,000	20,249	195,249
2050	185,000	10,405	195,405
	$ 2,630,000	$ 2,276,918	$ 4,906,918

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 147
TSI-6. Change in Long-Term Bonded Debt
November 30, 2025

	Bond Issue
	Series 2023 Road
Interest rate	5.00% - 5.625%
Dates interest payable	3/1; 9/1
Maturity dates	9/1/25 - 9/1/50
Beginning bonds outstanding	$ 2,680,000
Bonds retired	(50,000)
Ending bonds outstanding	$ 2,630,000
Interest paid during fiscal year	$ 145,029

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

Bond Authority:	Water, Sewer and Drainage Bonds	Park and Recreational Bonds	Road Bonds
Amount Authorized by Voters	$ 44,989,000	$ 13,650,000	$ 39,926,000
Amount Issued			(2,680,000)
Remaining To Be Issued	$ 44,989,000	$ 13,650,000	$ 37,246,000

Bond Authority:	Water, Sewer and Drainage Refunding Bonds	Park and Recreational Refunding Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 67,483,000	$ 20,475,000	$ 59,889,000
Amount Issued			
Remaining To Be Issued	$ 67,483,000	$ 20,475,000	$ 59,889,000

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 November 30, 2025:	$ 117,513
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 196,277

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 147
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021**
Revenues					
Property taxes	$ 178,089	$ 189,120	$ 58,845	$ 125	$ -
Penalties and interest		2,517	118	9	
Miscellaneous		874		10	141
Investment earnings	1,511	2,328	146		
Total Revenues	179,600	194,839	59,109	144	141
Expenditures					
Operating and administrative					
Professional fees	89,839	58,593	75,116	23,474	37,626
Contracted services	12,872	22,000	18,049	4,504	3,797
Repairs and maintenance	90,937	40,575	9,749	4,671	
Administrative	9,668	11,570	12,134	7,423	8,041
Other	170	565	1,484	380	171
Total Expenditures	203,486	133,303	116,532	40,452	49,635
Revenues Over/(Under) Expenditures	(23,886)	61,536	(57,423)	(40,308)	(49,494)
Other Financing Sources					
Developer advances	20,500	20,000	41,000	46,000	46,000
Internal transfers		13,930			
Net Change in Fund Balance	(3,386)	95,466	(16,423)	5,692	(3,494)
Fund Balance, Beginning of the year	72,569	(22,897)	(6,474)	(12,166)	(8,672)
End of the year	$ 69,183	$ 72,569	$ (22,897)	$ (6,474)	$ (12,166)

*Percentage is negligible
**Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021**
99%	98%	100%	87%	
	1%	*	6%	
	*		7%	100%
1%	1%	*		
100%	100%	100%	100%	100%
50%	30%	127%	16301%	26685%
7%	11%	31%	3128%	2693%
51%	21%	16%	3244%	
5%	6%	21%	5155%	5703%
*	*	3%	264%	121%
113%	68%	198%	28092%	35202%
(13%)	32%	(98%)	(27992%)	(35102%)

Montgomery County Municipal Utility District No. 147
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	$ 50,831	$ -	77%	
Penalties and interest	4,939		7%	
Miscellaneous	4,539		7%	
Investment earnings	6,529	10,714	10%	100%
Total Revenues	66,838	10,714	101%	100%
Expenditures				
Tax collection services	14,688		22%	
Other	1,607	750	2%	7%
Debt service				
Principal	50,000		75%	
Interest and fees	145,029	106,757	217%	996%
Total Expenditures	211,324	107,507	316%	1003%
Revenues Under Expenditures	(144,486)	(96,793)	(215%)	(903%)
Other Financing Sources				
Proceeds from sale of bonds		290,058		
Net Change in Fund Balance	(144,486)	193,265		
Fund Balance, Beginning of the year	193,265			
End of the year	$ 48,779	$ 193,265		

*Percentage is negligible

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 147
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended November 30, 2025

Complete District Mailing Address:	9 Greenway Plaza, Suite 1000, Houston, Texas 77046
District Business Telephone Number:	(713) 651-0111
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 12, 2024
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				
Rodger A. Sawyer	05/22 - 05/26	$ 1,547	$ -	President
Marion Fawn Creighton	05/24 - 05/28	1,326		Vice President
William "Scott" Sears	05/24 - 05/28	1,326		Secretary
Wade Nelson	05/24 - 05/28	884		Assistant Secretary
Joseph Pugh	05/22 - 05/26	884		Assistant Secretary

Consultants		Amounts Paid	
Coats Rose, P.C.	2020		Attorney
General legal fees		$ 43,189	
L&S District Services, LLC	2020	13,639	Bookkeeper
Assessments of the Southwest, Inc.	2020	7,275	Tax Collector
Montgomery Central Appraisal District	Legislation	2,512	Property Valuation
Coats Rose, P.C.	2023	3,592	Delinquent Tax Attorney
Bleyl Engineering	2020	20,291	Engineer
McGrath & Co., PLLC	2022	16,000	Auditor
Masterson Advisors LLC	2020		Financial Advisor

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

See accompanying auditor's report.