OFFICIAL STATEMENT DATED SEPTEMBER 22, 2026

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 THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS" HEREIN.

NEW ISSUE - Book-Entry-Only

Insured Ratings (AG): S&P "AA" (stable outlook)
Moody's "A1" (stable outlook)
Underlying Rating: Moody's "Baa2"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$4,305,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX BONDS
SERIES 2026

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

The bonds described above (the "Bonds") will be issued in fully registered form only, in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. Principal of the Bonds will be payable at stated maturity or redemption upon presentation of the Bonds 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"). Interest will accrue from the initial date of delivery (expected on or about October 29, 2026) (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 on the basis of a 360-day year of twelve 30-day months.

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

ASSURED GUARANTY® The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. ("AG" or the "Insurer").

MATURITY SCHEDULE

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)	Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)
2028	$ 175,000	5.00 %	3.50 %	61370W NM1	2038	$ 175,000 (b)	5.00 %	4.63 %	61370W NX7
2029	175,000	5.00	3.57	61370W NN9	2039	175,000 (b)	5.00	4.77	61370W NY5
2030	175,000	5.00	3.66	61370W NP4	2040	175,000 (b)	5.00	4.87	61370W NZ2
2031	175,000	5.00	3.78	61370W NQ2	2041	175,000	5.00	4.95	61370W PA5
2032	175,000	5.00	3.90	61370W NR0	***	***	***	***	***
2033	175,000 (b)	5.00	4.00	61370W NS8	2044	175,000 (b)	5.00	5.02	61370W PD9
2034	175,000 (b)	5.00	4.13	61370W NT6	2045	175,000 (b)	5.00	5.05	61370W PE7
2035	175,000 (b)	5.00	4.25	61370W NU3	2046	175,000 (b)	5.00	5.07	61370W PF4
2036	175,000 (b)	5.00	4.38	61370W NV1	2047	180,000 (b)	5.00	5.09	61370W PG2
2037	175,000 (b)	5.00	4.53	61370W NW9					

$350,000 Term Bond due September 1, 2043 (b), 61370W PC1 (c), 5.00% Interest Rate, 5.00% Yield (a)
$400,000 Term Bond due September 1, 2049 (b), 61370W PJ6 (c), 5.00% Interest Rate, 5.15% Yield (a)
$400,000 Term Bond due September 1, 2051 (b), 61370W PL1 (c), 5.00% Interest Rate, 5.18% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.
(b) Bonds maturing on and after September 1, 2033, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2032, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. 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 Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

The Bonds, when issued, will constitute valid and legally binding obligations of Montgomery County Municipal Utility District No. 99 (the "District") and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe or any entity other than the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel. Delivery of the Bonds through DTC is expected on or about October 29, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, 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 Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019, upon payment of duplication costs.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, 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 Initial Purchaser and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

Assured Guaranty Inc. ("AG" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B

OFFICIAL STATEMENT SUMMARY

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

THE FINANCING

The Issuer...	Montgomery County Municipal Utility District No. 99 (the "District"), a political subdivision of the State of Texas, located in Montgomery County, Texas. See "THE DISTRICT."
The Issue...	$4,305,000 Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds, Series 2026 (the "Bonds"), dated October 1, 2026. The Bonds mature serially on September 1 in each year 2028 through 2041, inclusive, and 2044 through 2047, inclusive, and as term bonds maturing on September 1 in each of the years 2043, 2049, and 2051 (the "Term Bonds) in the principal amounts set forth on the cover page hereof. Interest on the Bonds will accrue from the date of delivery, expected to be on or about October 29, 2026 (the "Date of Delivery"), with interest payable March 1, 2027 and each September 1 and March 1 thereafter until maturity. See "THE BONDS."
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. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
Book-Entry-Only System ...	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry-Only System."
Source of Payment ...	The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Conroe or any entity other than the District. See "THE BONDS—Source of Payment."
Use of Proceeds...	Proceeds from the sale of the Bonds will be used to finance (1) water, sewer, and drainage for Meadows at Imperial Oaks Section 24; (2) water, sewer, and drainage for Meadows at Imperial Oaks Section 25; (3) water, sewer, and drainage for Meadows at Imperial Oaks Section 26; (4) additional costs for Water Well No. 3; (5) expansion of Water Treatment Plant No. 3; (6) Phase 4 wastewater cleaning and televising; (7) Phase 5 drainage cleaning and televising; (8) contingencies; (9) engineering and testing; and (10) land acquisition. Bond proceeds will also be used to pay developer interest and certain costs associated with the issuance of the Bonds. See "THE SYSTEM—Use and Distribution of Bond Proceeds."
Payment Record …	The District has previously issued twelve series of unlimited tax bonds for water, sanitary sewer and drainage facilities and one series of unlimited tax refunding bonds, $53,555,000 principal amount of which will remain outstanding as of September 2, 2026 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal of and interest on the Outstanding Bonds.
Qualified Tax-Exempt Obligations …	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."

Authority for Issuance ... The Bonds are the fourteenth series of bonds issued out of an aggregate of $80,000,000 principal amount of unlimited tax bonds for purposes of construction and acquisition of water, sanitary sewer and drainage facilities and refunding outstanding bonds of the District authorized by the District's voters at an election held in the District in 2005. After issuance of the Bonds, the District will have $14,290,000 principal amount of unlimited tax bonds authorized but unissued for purposes of construction and acquisition of water, sanitary sewer and drainage facilities and refunding of bonds. The Bonds are being issued pursuant to an order of the TCEQ, Article XVI, Section 59 of the Constitution of Texas, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas and the Bond Order of the Board of Directors (the "Board") of the District authorizing the issuance of the Bonds. See "THE BONDS—Authority for Issuance and Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

Municipal Bond Rating and Municipal Bond Insurance... S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to this issue of the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

Bond Counsel ... Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, Houston, Texas.

Financial Advisor ... Masterson Advisors LLC, Houston, Texas.

Disclosure Counsel ... McCall, Parkhurst & Horton L.L.P., Disclosure Counsel, Houston, Texas.

Investment Considerations ... The purchase and ownership of the Bonds are subject to special investment considerations, and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

THE DISTRICT

Description... The District is a political subdivision of the State of Texas, created by Order of the Texas Commission on Environmental Quality (the "Commission") on May 26, 2005, under the provisions of Article XVI, Section 59, of the Texas Constitution. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended. The District is located in southeastern Montgomery County approximately 25 miles north of downtown Houston and approximately 15 miles south of the City of Conroe. The District lies approximately three miles east of Interstate Highway 45 ("IH 45") and two miles north of Rayford Road. The District contains approximately 461 acres and is mostly within the boundaries of Montgomery County Drainage District No. 10, and wholly within the extraterritorial jurisdiction of the City of Conroe and the boundaries of the Conroe Independent School District. See "THE DISTRICT" and "AERIAL PHOTOGRAPH."

Status of Development ... The current development in the District is being marketed under the name of The Meadows at Imperial Oaks as a continuation of the existing development in Imperial Oaks Park, a predominantly single-family residential community. Development of Imperial Oaks Park within the District began in 2006. With the consent of the District, the Developer (as hereinafter defined) has financed the design and construction of water, sanitary sewer, and drainage facilities to serve Imperial Oaks Park, Sections 12, 12A and 14 and The Meadows at Imperial Oaks, Sections 1 through 26 (approximately 380 acres of land developed into 1,468 single-family residential lots). As of July 8, 2026, the District contained 1,345 occupied single-family homes, 2 vacant single-family homes, 65 single-family homes in various stages of construction, and 56 vacant lots available for home construction.

The District does not contain any remaining developable land. Additionally, approximately 81 acres of land are undevelopable and contained in streets, drainage easements and plant sites. See "THE DISTRICT—Status of Development."

Homebuilders... Homebuilding in the District is being completed by DFH Coventry, LLC., doing business as Coventry Homes. New homes in the District are being offered for sale at prices ranging from approximately $334,990 to $625,990. See "THE DISTRICT—Status of Development."

Developer... The developer of Imperial Oaks Park is 2005 Imperial Oaks, Ltd. ("2005 Imperial Oaks"), a Texas limited partnership, whose principal limited partner is Land Development Company, Ltd. ("Land Development Company") and whose general partner is 2005 Imperial Oaks, GP, LLC. Land Development Company is owned by entities related to MHI Partnership, Ltd. ("MHI").

MHI created a second special purpose entity, 2014 Imperial Oaks Development, Inc. ("2014 Imperial Oaks"), to develop The Meadows at Imperial Oaks. Land Development Company is managing the development of The Meadows at Imperial Oaks on behalf of 2014 Imperial Oaks.

2005 Imperial Oaks and 2014 Imperial Oaks are collectively referred to herein as the "Developer." See "THE DEVELOPER."

SELECTED FINANCIAL INFORMATION

2026 Taxable Assessed Valuation	$494,402,013	(a)
Estimated Taxable Assessed Valuation as of July 15, 2026	$567,149,116	(b)
Gross Debt Outstanding (as of September 2, 2026)	$57,860,000	(c)
Estimated Overlapping Debt	34,338,262	(d)
Gross Debt and Estimated Overlapping Debt	$92,198,262	
Ratios of Gross Debt to:		
2026 Taxable Assessed Valuation	11.70%	
Estimated Taxable Assessed Valuation as of July 15, 2026	10.20%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	18.65%	
Estimated Taxable Assessed Valuation as of July 15, 2026	16.26%	
2026 Debt Service Tax Rate	$0.800	
2026 Maintenance Tax Rate	0.215	
2026 Total Tax Rate	$1.015/$100 A.V.	
Average Annual Debt Service Requirements (2027-2051) of the Bonds ("Average Requirement")	$3,523,194	
Maximum Annual Debt Service Requirement (2028) of the Bonds ("Maximum Requirement")	$4,433,813	
Tax Rates Required to Pay Average Requirement (2027-2051) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.76/$100 A.V.	
Based upon Estimated Taxable Assessed Valuation as of July 15, 2026	$0.66/$100 A.V.	
Tax Rates Required to Pay Maximum Requirement (2028) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.95/$100 A.V.	
Based upon Estimated Taxable Assessed Valuation as of July 15, 2026	$0.83/$100 A.V.	
Status of home construction as of July 8, 2026:		
Single-family residential – completed and occupied	1,345	
Single-family residential – completed and unoccupied	2	
Single-family residential – under construction	65	
Single-family residential – vacant lots	56	
Total	1,468	

Estimated 2026 Population – 4,708 (e)

(a) The Montgomery Central Appraisal District (the "Appraisal District") has certified $458,826,599 of taxable value within the District. An additional $35,575,414 of taxable value, which represents 80% of the uncertified value and is subject to review and adjustment prior to certification, remains uncertified. See "TAX PROCEDURES." Additionally, the Appraisal District has acknowledged that the 2026 Taxable Assessed Valuation is understated and does not include approximately 140 homes due to an administrative oversight. The District received from the Appraisal District an Estimate of Taxable Value as of January 1, 2026 in the amount of $545,748,208 which does include the missing homes.

(b) As estimated by the Appraisal District as of July 15, 2026, for informational purposes only. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and therefore this estimate will not be the basis for any tax levy by the District. See "TAX PROCEDURES."

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

(d) See "ESTIMATED OVERLAPPING DEBT AND TAX RATES STATEMENT."

(e) Based upon 3.5 persons per occupied home.

OFFICIAL STATEMENT

$4,305,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
(A political subdivision of the State of Texas located within Montgomery County)

UNLIMITED TAX BONDS
SERIES 2026

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 99 (the "District") of its $4,305,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas (the "State") relating to the issuance of bonds by political subdivisions of the State, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), an order of the Texas Commission on Environmental Quality (the "Commission") 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, 2005 Imperial Oaks, Ltd. and 2014 Imperial Oaks Development, Inc. (collectively referred to herein as the "Developer") and development activity within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of such documents may be obtained from the District upon payment of the costs of duplication therefor from Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

THE BONDS

Description

The Bonds are dated October 1, 2026 and interest will accrue from the Date of Delivery with interest payable each March 1 and September 1 (each an "Interest Payment Date"), beginning March 1, 2027, and mature on the dates and in the principal amounts and pay interest at the rates shown on the cover page hereof. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein. Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

In the event the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

The information in this section concerning DTC 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 are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, 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 of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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).

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Registration, Transfer and Exchange

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office 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 Bond Order. While the Bonds are in the Book-Entry-Only system, Bonds will be registered only in the name of Cede & Co and held by DTC. See "Book-Entry-Only System."

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is 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 therefore 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 Bond. 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.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the District and Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Paying Agent/Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Paying Agent/Registrar

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., in Houston, Texas. In the Bond Order the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District and are payable as to principal and interest from and are secured by the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund (as defined in the Bond Order) and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds, and on any additional bonds issued by the District payable from taxes which may be levied. See "TAX DATA."

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

Funds

The Bond Order confirms establishment of the District's Debt Service Fund and Capital Projects Fund. The Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds, together with interest thereon, as such becomes due. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, and to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

The proceeds from sale of the Bonds will be deposited into the Capital Projects Fund to be used for the purpose of acquiring and constructing District facilities, paying Developer interest, and paying the costs of issuing the Bonds. See "THE SYSTEM—Use and Distribution of Bond Proceeds" for a complete description of the use of Bond proceeds.

The Bond Order also confirms the previous establishment of the District's General Fund. The District deposits, as collected, all revenues derived from operation of the District's water and sanitary sewer system and from maintenance taxes into the General Fund. From the General Fund, the District pays all administration, operation, and maintenance expenses of the water and sanitary sewer system and the District's storm drainage system, recreational facilities and streetlights in the District. Any funds remaining in the General Fund after payment of maintenance and operating expenses, and to the extent they are ever necessary, after any payments pledged pursuant to the requirements of the Bonds, may be used by the District for any lawful purposes.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2043, 2049, and 2051 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$350,000 Term Bonds Due September 1, 2043		$400,000 Term Bonds Due September 1, 2049		$400,000 Term Bonds Due September 1, 2051	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2042	$ 175,000	2048	$ 200,000	2050	$ 200,000
2043 (maturity)	175,000	2049 (maturity)	200,000	2051 (maturity)	200,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The principal amount of any Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of Term Bonds of such maturity, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and 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 any date thereafter, at a price of the principal amount of bonds to be redeemed plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a given maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by random method 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 less 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 which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

At an election held within the District on September 10, 2005, the voters of the District authorized the issuance of a total of $80,000,000 principal amount of unlimited tax bonds for purposes of acquiring and constructing the District's water, sanitary sewer and drainage facilities and for refunding outstanding Bonds of the District. After issuance of the Bonds, the District will have $14,290,000 principal amount of unlimited tax bonds authorized but unissued for purposes of acquiring and constructing the District's water, sanitary sewer, and drainage facilities and for refunding outstanding Bonds of the District. See "Issuance of Additional Debt" below.

The Commission, pursuant to its order approving sale of the Bonds, has authorized the District to sell the Bonds for the purposes described in "THE SYSTEM—Use and Distribution of Bond Proceeds."

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, an order of the Commission, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended and the general laws of the State relative to the issuance of bonds by political subdivision of the State. 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. See "LEGAL MATTERS—Legal Opinion."

Issuance of Additional Debt

The District's voters have authorized the issuance of $80,000,000 in principal amount of unlimited tax bonds for purposes of acquiring and constructing the District's water, sanitary sewer and drainage facilities to serve land within the District and for refunding outstanding Bonds of the District. The voters in the District could authorize additional amounts. After issuance of the Bonds, the District will have $14,290,000 in principal amount of unlimited tax bonds authorized but unissued unlimited tax bonds for purposes of acquiring and constructing water, sanitary sewer and drainage facilities and for refunding outstanding bonds of the District. The Bond Order imposes no limitation on the amount of additional parity bonds which may be subsequently authorized for issuance by the District's voters or the amount ultimately issued by the District. Any additional bonds issued by the District may be on a parity with the Bonds.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, unless the District meets certain financial feasibility requirements under the TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; and (v) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. The issuance of such bonds is subject to rules and regulations adopted by the Commission. At this time, the District's voters have not authorized the issuance of bonds for recreational facilities.

The District is authorized by law to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation or reclamation districts, and to issue bonds payable from an ad valorem tax to finance such facilities, after approval by the City of Conroe, the Commission and voters of the District. The District has not considered calling such an election at this time.

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the Commission for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the Commission, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the Commission for "road powers" nor calling such an election at this time.

Issuance of additional bonds or other subsequently authorized bonds and the levy of taxes in connection therewith could affect the investment quality or security of the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

Defeasance

The District may defease the Bonds pursuant to provisions of the Bond Order and discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal of and interest on the Bonds in any manner permitted by law. Under current Texas law, such discharge may be accomplished as follows: (1) by paying or causing to pay principal and interest due on the Bonds (whether at maturity, redemption or otherwise) in accordance with the terms of the Bonds; (2) 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 (3) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable with revenues from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing the discharge, moneys or investments which, together with interest earned on or profits to be realized from such investments, will be sufficient to pay principal, interest or redemption price to maturity or to the date fixed for 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) non-callable 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) non-callable 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 payment or deposit, the Bonds shall no longer be regarded as outstanding and unpaid. However, if the maturity date on the Bonds shall not have then arrived, provision shall be made by the District for payment to the Registered Owners of the Bonds at the date of maturity or at a date fixed for redemption in full amount to which the Registered Owners would be entitled by way of principal, interest and redemption price to the date of such maturity or redemption as provided in the Bond Order, and further provided written notice thereof shall have been given as provided in the Bond Order.

Annexation

All of the District is located in the extraterritorial jurisdiction ("ETJ") of the City of Conroe. Under existing Texas law, the District can be annexed by such city without the consent of the District and the City cannot annex territory within the District unless it annexes the entire District; however, the City of Conroe may not annex the District unless (i) such annexation has been approved by a majority of those voting at an election held for the purpose in the area to be annexed and (ii) if the registered voters in the area do not own more than fifty percent (50%) of the land in the area, a petition has been signed by more than fifty percent (50%) of the landowners consenting to the annexation. If annexation of the District by such city did occur, the District would be abolished within ninety (90) days after annexation. When the District is abolished, such city would be required to assume the assets, functions, and obligations of the District (including the Bonds). Notwithstanding the preceding sentence, the described election and petition

process does not apply during the term of a strategic partnership agreement between the City and the District specifying procedures for limited or full purpose annexation of the District. See "THE DISTRICT—Strategic Partnership Agreement." Annexation of territory by the City of Conroe is a policy-making matter within the discretion of the Mayor and City Council of the City of Conroe, and therefore, the District makes no representation that the City of Conroe will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City of Conroe to pay debt service on the District's bonds if annexation were to occur. See "THE DISTRICT—Conroe Extraterritorial Jurisdiction."

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 assets 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 has no plans to do so.

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.

Amendments

The District has reserved the right to amend the Bond Order without the consent of the Registered Owners as may be required (a) by the provisions of the Bond Order, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Order, or (c) in connection with any other change not to the prejudice of the Registered Owners, but the District may not otherwise amend the terms of the Bonds or of the Bond Order without the consent of the Registered Owners.

No Arbitrage

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

Registered Owners' Remedies

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

THE DISTRICT

General

Montgomery County Municipal Utility District No. 99 (the "District") is a municipal utility district created by Order of the Commission on May 26, 2005, under the provisions of Article XVI, Section 59, of the Texas Constitution. The District operates under provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts. The District is subject to the continuing supervision of the Commission. The District is located mostly within the boundaries of Montgomery County Drainage District No. 10 and wholly within the Conroe Independent School District and is within the exclusive extraterritorial jurisdiction of the City of Conroe.

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 and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to provide for the collection and disposal of solid waste, to provide street lighting and to establish, operate, and maintain firefighting facilities and/or parks and recreational facilities, independently or with one or more conservation and reclamation districts. Additionally, the District may, subject to certain limitations, develop and finance roads.

Description and Location

The District contains approximately 461 acres of land and is located in the southeastern portion of Montgomery County approximately 25 miles north of downtown Houston and approximately 15 miles south of the City of Conroe. The District lies approximately three miles east of Interstate Highway 45 ("IH 45"), and two miles north of Rayford Road. See "AERIAL PHOTOGRAPH."

Conroe Extraterritorial Jurisdiction

When the District was created on May 26, 2005, the District was not located within any city's ETJ. Pursuant to an ordinance adopted by the City of Conroe in January 2008, Conroe annexed certain land into the City of Conroe, and, pursuant to applicable state law, Conroe's ETJ was expanded into unincorporated areas of Montgomery County, including the entire area of the District. The District is now located within Conroe's ETJ.

The City of Conroe has been granted authority by the State of Texas to regulate certain activities within its specified ETJ; however, the City of Conroe has opted not to require any kind of engineering plan or bonding review within the ETJ that is outside of the city limits and the Conroe Planning Area. The City has also opted not to review plats for areas outside the Conroe Planning Area. Development within Conroe's ETJ is subject to requirements that may be imposed by Montgomery County, the Commission or other regulatory agencies.

The District is not located within the Conroe city limits or the Conroe Planning Area, and in reliance on the Conroe policy, the District has not submitted plans for construction of facilities, subdivision plats or proceedings for issuance of bonds, including the Bonds, to the City of Conroe.

Strategic Partnership Agreement

The District has entered into a strategic partnership agreement with the City of Conroe ("City"), which was effective on January 12, 2023. The agreement allows full-purpose municipal annexation of the District by the City at any time on or after December 31 of the sixteenth (16th) year following the District's first ad valorem tax bond issuance or December 31, 2025, whichever is first, and permits limited purpose annexation of the District at any time. The agreement applies to all property within the District and sets forth the procedures applicable to such annexation. In the event of a limited purpose annexation, the City may impose sales and use taxes within the District. In the event of full-purpose annexation, the City may either abolish the District and assume its debts and obligations or continue the District as a limited district. The District will not be abolished but will continue to exist as a limited district until 90% build out. Annexation by the City of Conroe is a policy-making matter within the discretion of the Mayor and City Council of the City of Conroe, and therefore the District makes no representation that the City of Conroe will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City of Conroe to pay debt service on the District's bonds if annexation were to occur. See "THE BONDS—Annexation."

Status of Development

Current development in the District is being marketed under the name of The Meadows at Imperial Oaks as a continuation of Imperial Oaks Park, a predominantly single-family residential community. Development of Imperial Oaks Park began within the District in 2006. With the consent of the District, the Developer has financed the design and construction of water, sanitary sewer, and drainage facilities to serve Imperial Oaks Park, Sections 12, 12A and 14 and The Meadows at Imperial Oaks, Sections 1 through 26 (approximately 380 acres of land developed into 1,468 single-family residential lots). As of July 8, 2026, the District contained 1,345 occupied single-family homes, 2 vacant single-family homes, 65 single-family homes in various stages of construction, and 56 vacant lots available for home construction.

Homebuilding in the District is being completed by DFH Coventry, LLC., doing business as Coventry Homes. New homes in the District are being offered for sale at prices ranging from approximately $334,990 to $625,990.

The District does not contain any remaining developable land. Additionally, approximately 81 acres of land are undevelopable and contained in streets, drainage easements and plant sites.

Drainage System

Most of the land in the District is located within the boundaries of Montgomery County Drainage District No. 10 ("DD No. 10"). DD No. 10 is a conservation and reclamation district created by the Montgomery County Commissioners Court to construct and maintain drainage channels and stormwater detention facilities to provide outfall drainage within the Woodson's Gully and White Oak Creek watersheds. DD No. 10 levies an annual ad valorem tax on all taxable property within its boundaries to provide funds for maintenance of the drainage system. To date, DD No. 10 has issued five series of unlimited tax bonds and one series of unlimited tax refunding bonds, of which $13,705,000 in principal amount will be outstanding as of September 2, 2026. DD No. 10 bonds are payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within its boundaries, which includes the land within the District. For 2025, DD No. 10 levied a tax at a rate of $0.265 per $100 taxable assessed valuation. See "INVESTMENT CONSIDERATIONS—Overlapping Taxes."

A portion of the District, annexed in 2022, constituting approximately 63 acres, drains via dedicated drainage easements to the West Fork of the San Jacinto and is not within DD No. 10. The detention basin within the approximately 63 acres is maintained by the District.

Community Facilities

A Kroger-anchored strip shopping center is located on Rayford Road approximately one mile south of the District. Several retail centers located at the intersection of IH 45 and Rayford Road and along IH 45 between Rayford Road and The Woodlands Parkway also provide residents of the District with shopping and banking facilities, and The Woodlands Mall, a regional shopping center, is located approximately five miles from the District. Additional retail improvements are under construction along Grand Parkway within one mile of the District. Medical care for District residents is available from Memorial Hermann Woodlands Hospital, approximately seven miles from the District.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year staggered terms, and elections are held in May in even numbered years only. The directors each own a small parcel of land within the District, subject to a deed of trust in favor of the Developer. The Directors and Officers of the District are listed below:

Name	Title	Term Expires
Michael Winner	President	May 2030
Vacant	Vice President	May 2030
Debra Stoots	Secretary	May 2030
Chris Weatherly	Assistant Secretary	May 2028
Brice Stanford	Director	May 2028

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

Tax Appraisal

Land and improvements within the District are appraised for ad valorem taxation purposes by the Montgomery Central Appraisal District.

Tax Assessor/Collector

The District's tax assessor/collector is Equi-Tax, Inc. (the "Tax Assessor/Collector").

Bookkeeper

The District contracts with Myrtle Cruz, Inc. for bookkeeping services.

Operator

The District contracts with Municipal Operations & Consulting, LLC for operations and maintenance services.

Engineer

The consulting engineer for the District in connection with the design and construction of certain District facilities is IDS Engineering Group (the "Engineer").

Attorney

The District has engaged Smith, Murdaugh, Little & Bonham, L.L.P. as general counsel and as Bond Counsel in connection with the issuance of the Bonds.

Financial Advisor

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audit is filed with the Commission. The District's audited financial statements for the fiscal year ending May 31, 2026 have been prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's May 31, 2026 audited financial statements.

THE DEVELOPER

Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the Commission to pave streets (in areas where district facilities are being financed with bonds), 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.

The Developer is not obligated to pay principal of or interest on the Bonds. Furthermore, the Developer has no binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

2005 Imperial Oaks, Ltd. and 2014 Imperial Oaks Development, Inc.

The developer of Imperial Oaks Park is 2005 Imperial Oaks, Ltd. ("2005 Imperial Oaks"), a Texas limited partnership, whose principal limited partner is Land Development Company, Ltd. ("Land Development Company") and whose general partner is 2005 Imperial Oaks, GP, LLC. Land Development Company is owned by entities related to MHI Partnership, Ltd. ("MHI").

MHI created a second special purpose entity, 2014 Imperial Oaks Development, Inc. ("2014 Imperial Oaks"), to develop The Meadows at Imperial Oaks. Land Development Company is managing the development of The Meadows at Imperial Oaks on behalf of 2014 Imperial Oaks.

2005 Imperial Oaks and 2014 Imperial Oaks are collectively referred to herein as the "Developer."

THE SYSTEM

Regulation

Construction and operation of the District's water, sanitary sewer and storm drainage systems as they now exist or as they may be expanded from time-to-time is subject to regulatory jurisdiction of federal, state and local authorities. The Commission exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the Commission and the United States Environmental Protection Agency ("EPA"). Construction of all water, sanitary sewer and storm drainage facilities is subject to the regulatory authority of Montgomery County, Texas, the Commission and the EPA.

Shared Central Plant Facilities

In the initial planning of development within the District and Montgomery County Municipal Utility District No. 115 ("MUD 115"), the developers of both the District and MUD 115 agreed that the districts would share the costs of construction and operations and maintenance of central plant facilities to serve the districts, including one or more water plants, a wastewater treatment plant and one or more lift stations in order to achieve efficiency in operations and cost savings for the customers and taxpayers of both districts. The District, MUD 115 and the developers of both districts subsequently entered into a Fourth Amended and Restated Water Supply Agreement dated June 4, 2015 (the "Water Supply Agreement") and a Second Amended Waste Disposal Agreement dated May 27, 2014 (the "Waste Disposal Agreement"). Pursuant to the current Water Supply Agreement, neighboring Montgomery County Municipal Utility District No. 127 ("MUD 127") was added as a party. MUD 127 has purchased water capacity and may continue to do so as its development progresses.

Pursuant to the Water Supply Agreement and the Waste Disposal Agreement, the District holds legal title to the central plant facilities and operates the facilities. The District and MUD 115 own an equitable share of the capacity in the central plant facilities, and the District and MUD 115 share the costs of operations and maintenance of the central plant facilities as provided in the Agreements. MUD 127 also owns an equitable share of capacity in the water plant facilities. MUD 127 operates its own sewage treatment plant and therefore does not participate in the shared sewer facilities.

The water distribution systems of all three districts are interconnected at multiple locations, and the combined water distribution systems serve as a single integrated system receiving water from the shared water plant. The sanitary sewer collection systems of both the District and MUD 115 are interconnected at multiple locations, and the combined sewer collection systems serve as an integrated collection system delivering wastewater to the shared lift station and wastewater treatment plant.

The District, MUD 115 and MUD 127 are responsible for and bear the cost of maintenance and operation of the water distribution systems, and the District and MUD 115 are responsible for the cost of maintenance and operation of the sewer collection systems within their respective boundaries. There is one exception: a segment of water line and a segment of sewer line serve MUD 115 and the District. Construction costs of those shared lines were paid for based upon each party's pro rata share of the capacity of each line. The districts have a cost-sharing agreement for capital costs and maintenance costs associated with the shared lines.

The developers in the District and MUD 115 financed construction of the initial phase of the shared water plant, wastewater treatment plant and lift station. Since the initial phase of construction, both the water supply and wastewater treatment facilities have been expanded, as needed.

Water Supply

The District owns water supply capacity in two shared water plants operated by the District and shared with MUD 115 and MUD 127. The first water plant consists of a 900 gallons per minute ("gpm") well, a 710 gpm surface water feed, two 318,000 gallon ground storage tanks, two 15,000 gallon pressure tanks, booster pump capacity of 4,350 gpm and related appurtenant equipment. The second water plant consists of a 850 gallons per minute well, two 318,000 gallon ground storage tanks, one 15,000 gallon pressure tank and one 20,000 gallon pressure tank, booster pump capacity of 4,500 gpm and related appurtenant equipment. According to the District Engineer, the water plants have sufficient capacity to serve approximately 4,183 equivalent single-family connections ("ESFCs"). The District's share of the water plant capacity is 1,602 ESFCs. Pursuant to the Water Supply Agreement, the District has a right to purchase additional capacity or upgrade the facilities, as needed, to serve its development, and MUD 115 and MUD 127 have the right to purchase additional capacity, as needed. A portion of the proceeds of the Bonds will be used for improvements to Water Well No. 3 and Water Plant No. 3. See "Use and Distribution of Bond Proceeds" herein.

Additionally, the District has one emergency interconnect with Rayford Road Municipal Utility District, which is normally closed.

Water Supply Contract

The District is a party to a water supply contract with White Oak Water Supply Corporation ("White Oak"), a Texas non-profit water supply corporation that owns and operates a water supply system that serves the White Oak Estates community adjacent to the District. The District has agreed to reserve capacity in the District's well and to sell up to 68,000 gallons of water per day to White Oak.

The District constructed a water line to interconnect the District's system with the White Oak water distribution system, and the District installed metering equipment at the point of interconnection, for which White Oak paid one-half of the costs. White Oak is not currently receiving water through such interconnect. The water supply contract does not require White Oak to supply water to the District, whether in an emergency or otherwise.

Wastewater Treatment

The District owns capacity in the shared 750,000 gallon per day ("gpd") wastewater treatment plant (the "Plant") with MUD 115. The current permitted capacity of the Plant is 750,000 gpd, and the permit allows for the Plant to treat up to 1,500,000 gpd of wastewater. According to the District's Engineer, construction is underway for phase two of a two-phase expansion to the Plant and completion is expected in December 2027. Upon ultimate completion, the Plant will provide capacity to serve 3,680 ESFCs, of which 1,840 will be allocated to the District. The current Plant has the capacity to serve approximately 2,830 ESFCs, of which the District owns 1,222 ESFCs. As of August 1, 2026, the Plant is serving a total of 2,869 ESFCs for both the District and MUD 115 and is operating at approximately 75% percent of its permitted capacity. Proceeds of the Bonds will also be used for sanitary sewer cleaning and televising. See "Use and Distribution of Bond Proceeds" herein.

Unused capacity in the Plant is available until the next expansion is completed and can be utilized by either the District or MUD 115, to provide both districts with the capacity they need to serve the existing connections.

Storm Drainage System and 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 rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards.

Most of the land in the District is located within the boundaries of DD No. 10, whose systems of drainage channels and storm water detention ponds serve to remove and protect the land in the District from the 100-year floodplain. According to the most recent Federal Emergency Management Agency (FEMA) Floodplain Maps, approximately 5 acres of land in the District lie within the 100-year floodplain, in addition to the area contained within the drainage facilities. To date, there has been no development on the developable land within the floodplain. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States. Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Lone Star Groundwater Conservation District

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

The Conservation District initially required persons and entities, including the District, MUD 115 and MUD 127, that pump groundwater from wells to apply for and obtain permits for the withdrawal of groundwater under terms and conditions provided in the Conservation District's rules. The Conservation District adopted an initial District Regulatory Plan which called for the reduction of groundwater withdrawal throughout Montgomery County to volumes that do not exceed the recharge capabilities of aquifers in the County to prevent the long-term depletion of the aquifers.

Large water users, including the District, MUD 115 and MUD 127 were required to prepare and submit a two-part Water Resources Assessment Plan ("WRAP") that identified methods and plans for reduction of groundwater usage through the development of alternate water resources, including the design and construction of infrastructure facilities to purchase and transport surface water to affected areas within the County. The initial requirement and deadline for reduction of groundwater use by the District by 30% was January 1, 2016.

The District, MUD 115, and later by extension MUD 127, participated in a joint WRAP prepared by the San Jacinto River Authority, and the District is in compliance with Conservation District requirements.

On September 9, 2020, the Conservation District adopted new rules that supersede the substantive requirements of the 2009 District Regulatory Plans in that such rules (a) no longer require a reduction in ground water pumpage and conversion to alternative source of water, and (b) no longer require participation in a groundwater reduction plan. Such new rules further provide, among other things, that the Conservation District may implement proportional reductions in groundwater pumpage in the future. The Conservation District's current plan (the "2025 Plan") was adopted on March 4, 2025 and approved by the Texas Water Development Board on April 23, 2025. The 2025 Plan requires the Conservation District to monitor subsidence within its boundaries, participate in the joint planning efforts of Groundwater Management Area 14, and adopt well spacing and production allocation rules, to achieve the goals stated therein. The 2025 Plan does not require large volume groundwater users to submit a groundwater reduction plan individually or jointly with other large volume groundwater users to ensure that certain progress is made to meet surface water conversion obligations. The full impact of these matters on the District is not known at this time. Regulatory changes by the Conservation District may impact the District's production of groundwater from its wells. Regardless of the non-existence of the original regulations and uncertainty regarding future mandates (if any), the joint WRAP prepared by the SJRA is currently still in place.

The Conservation District currently bills permit holders, including the District, $0.085 per 1,000 gallons of water pumped from wells to finance the Conservation District's operations. This amount is subject to future increases.

San Jacinto River Authority GRP Agreement and Supplemental Agreement (Non-Mandatory Conversion to Surface Water)

In response to the then-current Conservation District requirements, the San Jacinto River Authority ("SJRA") developed and adopted a Groundwater Reduction Plan ("GRP"), which included construction and operation of a surface water treatment plant at or near Lake Conroe and a water transmission system to major populated areas of Montgomery County, thus enabling the entire county to comply with the then-current Conservation District requirements.

SJRA entered to enter into contracts for groundwater reduction planning, alternative water supply, and related goods and services (the "GRP Contract") with all large water users in the county to achieve the goals for reduction of groundwater pumpage for the entire county. Approximately 147 large volume water users in Montgomery County, including the District and MUD 115, and later by extension, MUD 127 (collectively the "Participants"), approved and entered into the GRP Contract.

Pursuant to the GRP Contract, SJRA developed, implemented and enforced the GRP covering all Participants to achieve and maintain compliance with the Conservation District requirements. The initial focus of the GRP was the design and construction of a surface water treatment and transmission system (the "Project") to be owned and operated by SJRA for the benefit of all Participants.

SJRA issued bonds to finance the capital costs on the Project, and groundwater pumpage fees and water service fees are used to cover costs of service on the bonds. Effective February 1, 2026 the rate is $2.51 per 1,000 gallons of water pumped from wells and $3.10 per 1,000 gallons of surface water delivered.. MUD 115, MUD 127 and the District pay the pumpage fees based upon the amount of water pumped from its wells each month. MUD 115, MUD 127 and the District pass these pumpage fees and Conservation District fees on to customers in the District. The SJRA pumpage fees will increase as the costs of the Project are incurred, but the District cannot predict the magnitude of such increases.

The District, MUD 115 and MUD 127 had not initially been scheduled to receive water from the first phase of the Project in 2016. However, the District, MUD 115 and MUD 127 requested that the SJRA provide surface water to the District, MUD 115 and MUD 127 in 2016 under the terms of the SJRA's early conversion policy. Pursuant to the terms of such policy, the SJRA would pay for the engineering and half of the line construction costs, while MUD 115 and the District, through advances from developers to be reimbursed by such districts, would pay the other half of construction costs. The request was approved, and the SJRA entered into a Supplemental Agreement (Non-Mandatory Conversion to Surface Water) with the District, MUD 115 and the respective developers. Pursuant to the terms of this agreement, the SJRA is obligated to provide up to 590,000 gallons per day of treated surface water to the District's Water Plant No. 1, and the District was required to take at least 253,000 gallons per day in this initial phase. Effective September 1, 2026, a new Supplemental Agreement between SJRA and the District was approved. Pursuant to its terms, the District will be required to take at least 590,000 gallons per day of treated surface water, and the SJRA will be obligated to supply up to 1,022,400 gallons per day. MUD 115 financed the water delivery facilities, and construction of the surface water improvements is complete. The District and MUD 127 will purchase capacity from MUD 115 as necessary to support their respective developments. The SJRA pumpage fees and charges for surface water delivered to the District will increase as the costs of the Project are incurred but the District is unable to predict the magnitude of such increases.

Stormwater Discharge Permit

On August 13, 2007, the Commission issued a general permit for stormwater discharges associated with small municipal separate storm sewer systems in certain urbanized areas of the State of Texas. Initially the District was not included in any urbanized area, but in 2012 maps were updated after receipt of census data, and The Woodlands Urbanized Area was expanded to incorporate the area of the District. The first Commission permit expired on August 12, 2012 and the renewed permits were adopted on December 11, 2013, January 24, 2019, and again on August 15, 2024.

The District joined Montgomery County Drainage District No. 6, DD No. 10, four other municipal utility districts, and the City of Oak Ridge North, all located in The Woodlands Urbanized Area, in a series of Inter-Local Cooperation Agreements that formed and provided for operation of the South Montgomery County Storm Water Coalition (the "Coalition") for the purpose of combining and sharing resources to file applications for municipal separate storm sewer system ("MS4") permits as required by the Commission general permit.

The other Coalition participants each obtained MS4 permits under the 2007 permit and adopted storm water management plans to achieve six minimum control measures that were called for in the 2007 MS4 permits. Because the District was not initially in The Woodlands Urbanized Area, it did not participate in the permitting effort in 2007. The District and other Coalition participants applied for coverage under the renewed 2013, 2019, and 2024 general MS4 permits. The District and other Coalition participants are acting together to perform tasks to carry out certain best management practices and take actions to accomplish the minimum control measures and file annual reports with the Commission as required by the permits. Accordingly, the District is in compliance with the Commission general permit and the District's MS4 permit. See "INVESTMENT CONSIDERATIONS—Environmental Regulation and Air Quality."

Use and Distribution of Bond Proceeds

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, $3,740,491 is for construction costs, and $564,509 is for nonconstruction costs. Surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the Commission, where required. In the event that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be for uses in accordance with the rules of the Commission.

CONSTRUCTION COSTS		
Water, Sewer, and Drainage Meadows at Imperial Oaks Section 25	$	676,735
Water, Sewer, and Drainage Meadows at Imperial Oaks Section 24		184,895
Water, Sewer, and Drainage Meadows at Imperial Oaks Section 26		403,550
Water Well No. 3 Additional Costs		927,000
Water Treatment Plant No. 3 Expansion		373,000
Wastewater Cleaning & Televising Phase 4		45,000
Drainage Cleaning & Televising Phase 5		125,600
Contingencies		18,000
Engineering & Testing		504,477
Land Acquisition		482,234
Total Construction Costs	**$**	**3,740,491**
NON-CONSTRUCTION COSTS		
Legal Fees	$	91,100
Financial Advisory Fees		79,575
Developer Interest		106,021
Bond Discount (a)		27,973
Bond Issuance Expenses		68,595
Bond Application Report		75,000
TCEQ Fee (0.25%)		10,763
Attorney General Fee		4,305
Contingency (a)		101,178
Total Non-Construction Costs	**$**	**564,509**
TOTAL BOND ISSUE	**$**	**4,305,000**

(a) The TCEQ approved a maximum Bond Discount of 3.00%. Contingency represents the difference between the estimated and actual amount of Bond Discount.

Future Debt

With the consent of the District, the Developer has financed the design and construction of underground utilities to serve Meadows at Imperial Oaks, as well as other District improvements, including detention facilities. After reimbursement from Bond proceeds, the Developer will have been reimbursed for all funds expended for design, construction, and acquisition of District sanitary sewer and detention facilities and improvements. See "THE BONDS—Issuance of Additional Debt." The District can make no representation that any additional development will occur within the District. According to the District Engineer, the District has adequate voted bonds to complete the current and planned land use projects.

BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
9/10/2005	Water, Sanitary Sewer and Drainage Facilities and Refunding	$80,000,000	$65,710,000*	$14,290,000*

* Includes the Bonds.

FINANCIAL STATEMENT

2026 Taxable Assessed Valuation as of	$494,402,013	(a)
Estimated Taxable Assessed Valuation as of July 15, 2026	$567,149,116	(b)
Direct Debt:		
Outstanding Bonds (as of September 2, 2026)	$53,555,000	(c)
Plus: The Bonds	4,305,000	
Gross Debt Outstanding	$57,860,000	
Ratios of Gross Debt to:		
2026 Taxable Assessed Valuation as of	11.70%	
Estimated Taxable Assessed Valuation as of July 15, 2026	10.20%	

Area of District – 461 Acres
Estimated 2026 Population – 4,708 (d)

(a) The Montgomery Central Appraisal District (the "Appraisal District") has certified $458,826,599 of taxable value within the District. An additional $35,575,414 of taxable value, which represents 80% of the uncertified value and is subject to review and adjustment prior to certification, remains uncertified. See "TAXING PROCEDURES." Additionally, the Appraisal District has acknowledged that the 2026 Taxable Assessed Valuation is understated and does not include approximately 140 homes due to an administrative oversight. The District received from the Appraisal District an Estimate of Taxable Value as of January 1, 2026 in the amount of $545,748,208 which does include the missing homes.
(b) As estimated by the Appraisal District as of July 15, 2026, for informational purposes only. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and therefore this estimate will not be the basis for any tax levy by the District. See "TAX PROCEDURES."
(c) See "Outstanding Bonds" herein.
(d) Based upon 3.5 persons per occupied home.

Cash and Investment Balances (unaudited as of August 25, 2026)

Capital Projects Fund	Cash and Temporary Investments	$15,665,451
Operating Fund	Cash and Temporary Investments	$4,027,875
Debt Service Fund	Cash and Temporary Investments	$4,992,267 (a)

(a) Includes funds for the September 1, 2026 debt service payment in the amount of $2,607,918.75. Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Debt Service Fund.

Outstanding Bonds (as of September 2, 2026)

Series	Original Principal Amount	Outstanding Bonds (as of 9/2/2026)
2015	1,520,000	1,520,000
2016	2,910,000	1,950,000
2017(a)	3,735,000	2,075,000
2018	4,025,000	3,285,000
2019	2,985,000	2,660,000
2020	4,200,000	3,600,000
2021	4,125,000	3,375,000
2022	7,205,000	6,715,000
2023	11,080,000	10,210,000
2024	9,500,000	9,250,000
2025	8,915,000	8,915,000
Total	$ 60,200,000	$ 53,555,000

(a) Unlimited tax refunding bonds.

District Investment Policy

The District's goal is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Funds of the District are invested either in short term U.S. Treasury obligations or certificates of deposit insured by the Federal Deposit Insurance Corporation or secured by collateral held by a third-party institution. The District does not own any long-term securities or derivative products in the District's investment portfolio.

ESTIMATED OVERLAPPING DEBT AND TAX RATES STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Montgomery County……	$ 535,450,000	7/31/2026	0.43%	$ 2,302,435
Montgomery Co. Drainage District No. 10……	14,330,000	7/31/2026	57.46%	8,234,018
Conroe Independent School District…..……	2,844,260,000	7/31/2026	0.82%	23,322,932
Lone Star College District……	342,055,000	7/31/2026	0.14%	478,877
Total Estimated Overlapping Debt……				$ 34,338,262
The District……	57,860,000 (a)	Current	100.00%	57,860,000
Total Direct and Estimated Overlapping Debt……				$ 92,198,262

Direct and Estimated Overlapping Debt as a Percentage of:
2026 Taxable Assessed Valuation of $494,402,013 ..... 18.65%
Estimated Taxable Assessed Valuation as of July 15, 2026 of $567,149,116 ..... 16.26%

(a) Includes the Bonds and the Outstanding Bonds (as of September 2, 2026).

Overlapping Tax Rates for 2025

	2025 Tax Rate per $100 of Taxable Assessed Valuation
Montgomery County	$ 0.37700
Montgomery County Hospital District	0.04730
Montgomery County Emergency Services District No. 8	0.09370
Montgomery County Drainage District No. 10 (a)	0.26500
Conroe Independent School District	0.94960
Lone Star College System	0.10600
Total Overlapping Tax Rate	$ 1.83860
The District (b)	1.01500
Total Tax Rate (a)	$ 2.85360

(a) A portion of the District is not within the boundaries of DD 10, and the overall tax rate for that portion is $2.5886.
(b) The District adopted a total tax rate of $1.015 per $100 assessed valuation for tax year 2026.

TAX DATA

Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of July 31, 2026 (a) Amount	Percent
2021	$ 204,430,001	$ 1.040	$ 2,126,072	$ 2,121,420	99.78%
2022	284,329,698	1.040	2,957,029	2,948,876	99.72%
2023	346,185,847	1.015	3,513,786	3,475,661	98.91%
2024	419,743,522	1.015	4,260,397	4,243,173	99.60%
2025	460,369,854	1.015	4,672,754	4,618,279	98.83%

(a) Unaudited.

Taxes are due October 1 and are delinquent after January 31 of the following year. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.800	$ 0.800	$ 0.800	$ 0.800	$ 0.790
Maintenance and Operations	0.215	0.215	0.215	0.215	0.250
Total	$ 1.015	$ 1.015	$ 1.015	$ 1.015	$ 1.040

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance: Unlimited (no legal limit as to rate or amount).

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2026 at the rate of $0.800 per $100 assessed valuation. See "Tax Rate Distribution" above.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by the District's voters. At an election held September 10, 2005, the Board was authorized to levy such a maintenance tax in an unlimited rate in accordance with the constitution and laws of the state of Texas. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds and any additional tax bonds which may be issued in the future. The District levied a maintenance and operations tax for 2026 at the rate of $0.215 per $100 taxable assessed valuation. See "Tax Rate Distribution" above.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation. For 2026, the District has adopted a $10,000 exemption for persons who are 65 or older and/or disabled. The Developer has executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty years.

Additional Penalties

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

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the certified portion ($458,826,599) of the 2026 Taxable Assessed Valuation of $494,402,013, which reflects ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($35,575,414) of the 2026 Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, and the Estimated Taxable Assessed Valuation as of July 15, 2026, of $567,149,116, are not available from the Appraisal District as of the date hereof.

Taxpayer	Type of Property	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
DFH Coventry LLC	Acreage and Lots	$ 4,281,400	0.93%
2014 Imperial Oaks Devlopment Inc. (a)	Acreage and Lots	1,486,600	0.32%
Centerpoint Energy Entex	Residence	1,253,990	0.27%
Individual	Residence	977,000	0.21%
Individual	Residence	785,746	0.17%
Individual	Residence	754,677	0.16%
Individual	Residence	753,677	0.16%
Individual	Residence	736,819	0.16%
Simple Land LLC	Residence	731,704	0.16%
Individual	Residence	728,406	0.16%
Total		$ 12,490,019	2.72%

(a) See "THE DEVELOPER."

Summary of Assessed Valuation

The following summary of the 2026 Taxable Assessed Valuation, and the 2025 and 2024 Certified Taxable Assessed Valuation is provided by the District's Tax Assessor/Collector based on information contained in the 2026, 2025, and 2024 tax rolls of the District. A breakdown of the Estimated Taxable Assessed Valuation as of July 15, 2026, is not available from the Appraisal District. Information in this summary may differ slightly from the assessed valuations shown herein due to differences in dates of data.

	2026 Taxable Assessed Valuation (a)	2025 Taxable Assessed Valuation	2024 Certified Taxable Assessed Valuation
Land	$ 86,946,247	$ 84,117,326	$ 81,783,871
Improvements	398,191,864	400,350,110	372,875,562
Personal Property	7,124,519	4,712,726	8,038,051
Exemptions	(33,436,031)	(28,810,308)	(42,953,962)
Uncertified Value	35,575,414	-	-
Total	$ 494,402,013	$ 460,369,854	$ 419,743,522

(a) Additionally, the Appraisal District has acknowledged that the 2026 Taxable Assessed Valuation is understated and does not include approximately 140 homes due to an administrative oversight. The District received from the appraisal District an Estimate of Taxable Value as of January 1, 2026 in the amount of $545,748,208 which does include the missing homes.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2026 Taxable Assessed Valuation of $494,402,013, and the Estimated Taxable Assessed Valuation as of July 15, 2026 of $567,149,116 and a debt service tax rate necessary to pay the District's average and maximum annual debt service requirements on the District's Outstanding Bonds and the Bonds at a ninety-five percent (95%) collection rate. See "INVESTMENT CONSIDERATIONS—Impact on District Tax Rates."

Average Annual Debt Service Requirement (2027-2051).....$3,523,194

$0.76 Tax Rate on the 2026 Taxable Assessed Valuation.....$3,323,870
$0.66 Tax Rate on the Estimated Taxable Assessed Valuation as of July 15, 2026.....$3,556,025

Maximum Annual Debt Service Requirement (2028).....$4,433,813

$0.95 Tax Rate on the 2026 Taxable Assessed Valuation.....$4,154,838
$0.83 Tax Rate on the Estimated Taxable Assessed Valuation as of July 15, 2026.....$4,471,971

No representations or suggestions are made that the uncertified portion of the 2026 Taxable Assessed Valuation, or the Estimated Taxable Assessed Valuation as of July 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 amount or its inclusion herein as assurance of its attainment. See "TAX PROCEDURES."

TAX 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 Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See "TAX DATA—Maintenance and Operations Tax."

Tax Code and County-Wide Appraisal District

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

The 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 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 County 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 or older and of certain disabled persons to the extent deemed advisable by the Board. For the 2026 tax year, the District has adopted a residential homestead exemption in the amount of $10,000 for persons age 65 and older and disabled persons. Additionally, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran. 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. See "TAX DATA."

Partially disabled veterans 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. 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 of the surviving 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.

Residential Homestead Exemptions: The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never granted such a general homestead exemption and has no plans to do so. 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. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Montgomery County or the City of Conroe may designate all or part of the area within the District as a reinvestment zone. Thereafter, Montgomery County, the District, and the City of Conroe (after annexation of 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 assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

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 Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the 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 Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Tax Code permits land designated for agricultural or timber land use to be appraised at its value based on the land's capacity to produce agricultural products or, with respect to timber land, the value based upon accepted income capitalization methods. The 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural, timber land or residential real property appraisal must apply for such appraisal, and the Appraisal District is required to act on each claimant's application individually. If a claimant receives the agricultural or timber land appraisal on land and later changes the land use or sells the land to an unqualified owner, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the three years preceding the year in which the change of use occurs that the land was appraised as agricultural or timber land and the tax that would have been imposed had the land been taxed on the basis on market value in each of those years.

The 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.

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 Tax Code. The 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. However, a person who is 65 years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement in writing and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has 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 taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

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 the operations and maintenance tax rate that would impose 1.08 times more operation and maintenance taxes on the average residential homestead.

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, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operations and maintenance tax rate that would impose 1.035 times more operation and maintenance taxes on the average residential homestead. 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 the operations and maintenance tax rate that would impose 1.08 times more operation and maintenance taxes on the average residential homestead.

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, at the time a district sets its tax rate. 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. For tax year 2026, the Board designated the District as a "Developing District."

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT AND TAX RATES STATEMENT." 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, among other collection methods available, 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 above 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 cost of suit and sale, 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 (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) or by bankruptcy proceedings which restrict the collection of taxpayer debts. 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 "INVESTMENT CONSIDERATIONS."

WATER AND SEWER OPERATIONS

General

The Bonds and Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds and the Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds or Outstanding Bonds.

Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Operating Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for the fiscal years ended 2022 through 2026. Reference is made to such statements for further and complete information.

	Fiscal Year Ended May 31				
	2026	2025	2024	2023	2022
Revenues					
Property Taxes	$ 1,012,165	$ 886,560	$ 714,850	$ 711,990	$ 600,777
Water Service	386,502	341,947	312,076	283,565	233,777
Wastewater Service	609,377	540,967	482,856	434,278	368,097
Conservation District/ Water Authority Fees	528,996	469,240	490,248	393,309	300,893
Penalty and Interest	15,861	15,669	14,491	10,334	9,637
Tap Connection and Inspection Fees	149,115	186,029	192,348	101,900	124,455
Sale of Capacity	274,112	-	-	-	-
Investment Income	142,166	147,613	134,091	74,120	1,918
Other	21,041	33,250	35,733	16,252	11,840
Total Revenues	$ 3,139,335	$ 2,621,275	$ 2,376,693	$ 2,025,748	$ 1,651,394
Expenditures					
Professional Fees	$ 209,168	$ 172,234	$ 169,511	$ 210,795	$ 152,753
Contracted Services	704,501	706,259	523,798	459,124	414,607
Purchased Water Services	852,486	438,063	386,906	303,994	246,209
Purchased Wastewater Services	271,450	317,262	391,807	253,824	178,404
Utilities	835	264	261	-	212
Repairs and Maintenance	278,487	201,548	290,149	177,516	140,871
Other	418,340	242,290	203,795	162,005	178,181
Capital Outlay	27,141	-	-	-	-
Total Expenditures	$ 2,762,408	$ 2,077,920	$ 1,966,227	$ 1,567,258	$ 1,311,237
Net Revenues	$ 376,927	$ 543,355	$ 410,466	$ 458,490	$ 340,157
Other Sources (Uses)					
Developer Advances	$ -	$ -	$ -	$ 30,000	$ -
Transfers In	$ 218,567	$ -	$ 217,995	$ -	$ -
Fund Balance (Beginning of Year)	$ 3,862,751	$ 3,319,396	$ 2,690,935	$ 2,202,445	$ 1,862,288
Fund Balance (End of Year)	$ 4,458,245	$ 3,862,751	$ 3,319,396	$ 2,690,935	$ 2,202,445

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds and the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 4,103,038		$ 180,571	$ 180,571	$ 4,283,608
2028	4,043,563	$ 175,000	215,250	390,250	4,433,813
2029	3,977,313	175,000	206,500	381,500	4,358,813
2030	3,892,700	175,000	197,750	372,750	4,265,450
2031	3,851,206	175,000	189,000	364,000	4,215,206
2032	3,812,850	175,000	180,250	355,250	4,168,100
2033	3,782,425	175,000	171,500	346,500	4,128,925
2034	3,744,700	175,000	162,750	337,750	4,082,450
2035	3,699,250	175,000	154,000	329,000	4,028,250
2036	3,680,994	175,000	145,250	320,250	4,001,244
2037	3,634,356	175,000	136,500	311,500	3,945,856
2038	3,595,981	175,000	127,750	302,750	3,898,731
2039	3,576,969	175,000	119,000	294,000	3,870,969
2040	3,559,763	175,000	110,250	285,250	3,845,013
2041	3,529,675	175,000	101,500	276,500	3,806,175
2042	3,500,813	175,000	92,750	267,750	3,768,563
2043	3,444,931	175,000	84,000	259,000	3,703,931
2044	3,340,350	175,000	75,250	250,250	3,590,600
2045	3,245,044	175,000	66,500	241,500	3,486,544
2046	3,201,125	175,000	57,750	232,750	3,433,875
2047	2,404,406	180,000	49,000	229,000	2,633,406
2048	2,207,700	200,000	40,000	240,000	2,447,700
2049	1,681,313	200,000	30,000	230,000	1,911,313
2050	976,875	200,000	20,000	220,000	1,196,875
2051	364,438	200,000	10,000	210,000	574,438
Total	$ 80,851,775	$ 4,305,000	$ 2,923,071	$ 7,228,071	$ 88,079,846

Maximum Annual Debt Service Requirement (2028)….....$4,433,813
Average Annual Debt Service Requirement (2027-2051)..... $3,523,194

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the City of Conroe, 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 Payment." The collection by the District of delinquent taxes owed to it and the enforcement by 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" below.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and of developed lots which are currently being marketed by the Developer for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in Houston, the State of Texas and the nation 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 Markets 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 the construction activity, 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, since the District is located approximately 25 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. 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, which is approximately 25 miles from downtown Houston, could be affected by competition from other residential developments in the northern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Vacant Lots

As of July 8, 2026, there are 56 vacant developed lots. The District makes no representation that any building programs will be successful. Future increases in value will result primarily from the construction of homes by builders on developed lots. Failure of the Developer and/or builders to construct taxable improvements on developed lots could restrict the rate of growth of taxable values in the District. See "THE DISTRICT—Status of Development."

Increase in Costs of Building Materials

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

Landowner Obligation to the District

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

Potential Effects of Oil Price Volatility on the Houston Area

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

Extreme Weather Events

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

According to the Operator, the District's water and sewer system did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. With the exception of an unverified report of one home flooding, the District is not aware of any homes within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

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

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

Overlapping Taxes

Most of the land within the District is also located within and is provided outfall storm drainage by DD No. 10. The debt service on bonds issued by DD No. 10 is paid from ad valorem taxes levied by DD No. 10, which taxes are in addition to the taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with property located in other real estate developments, the tax rates of the District, DD No. 10 and other taxing jurisdictions must be combined. The 2025 tax rate of DD No. 10 is $0.265 per $100 of taxable assessed valuation. Such combined rates are higher than tax rates presently being levied in utility districts in the general vicinity of the District. To the extent that such composite tax rates are not competitive with competing developments, the growth of property values in the District and the investment quality or security of the Bonds could be adversely affected. The District can make no representation that taxable property values in the District and DD No. 10 will maintain value sufficient to support the continued payment of taxes by property owners. See "FINANCIAL STATEMENT" and "TAX DATA—Tax Adequacy for Debt Service."

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2026 Taxable Assessed Valuation of the District (see "FINANCIAL STATEMENT (UNAUDITED)") is $494,402,013. After issuance of the Bonds, the maximum annual debt service requirement will be $4,433,813 (2028) and the average annual debt service requirement will be $3,523,194 (2027-2051). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.95 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $4,433,813 and a tax rate of $0.76 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $3,523,194 (see "DEBT SERVICE REQUIREMENTS"). The Estimated Taxable Assessed Valuation as of July 15, 2026 is $567,149,116, which is subject to review and downward adjustment prior to review and downward adjustment prior to certification. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of July 15, 2026, and a 95% collection rate, tax rates of $0.83 and $0.66 per $100 of taxable assessed valuation would be necessary to pay the maximum annual requirement and average annual requirement, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the Estimated Taxable Assessed Valuation as of July 15, 2026, the District can make no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction and sale of taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service." See "TAX PROCEDURES."

Future Debt

The District reserves in the Bond Order the right to issue the remaining $14,290,000 principal amount of authorized but unissued unlimited tax bonds for purposes of acquiring and constructing the District's water, sanitary sewer and drainage facilities and for refunding outstanding bonds of the District. The District may issue additional bonds approved by District voters in future elections. See "THE BONDS—Issuance of Additional Debt" and "THE SYSTEM." The issuance of such obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities and recreational facilities must be approved by the Commission.

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." The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and investment quality and value of, the Bonds.

Tax Collections Limitations

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

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, 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 is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission 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.

Continuing Compliance with Certain Covenants

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

Marketability

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

Environmental Regulation and Air Quality

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

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

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

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

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

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

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

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

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

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

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

The TCEQ issued the General Permit for Phase II (small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District is in the Woodlands urbanized area and is thus required to develop and implement a stormwater pollution prevention plans and stormwater management plans. See "THE SYSTEM—Stormwater Discharge Permit."

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

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

Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

While the *Sackett* decision 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.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Initial Purchaser has entered into an agreement with Assured Guaranty Inc. ("AG" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and "A1" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE."

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

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

Neither the District nor the Initial Purchaser 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.

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.

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.

LEGAL MATTERS

Legal Opinion

The District will furnish the Initial Purchaser a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied without limitation as to rate or amount upon all taxable property within the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel to the District ("Bond Counsel"), to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District and that interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws subject to the matters described under the caption which follows entitled "TAX MATTERS."

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P. has reviewed the information appearing in this Official Statement under the captions "THE BONDS" (except for "Book-Entry-Only System"), "THE DISTRICT—General," "MANAGEMENT—Attorney," "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

No-Litigation Certificate

The District will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, 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 or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

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

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, 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, 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 Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds may be excludable in certain corporations "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of 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 its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury.

There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof, or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue 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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

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

Federal Income Tax Accounting Treatment of Premium Bonds

The initial public offering price of certain Bonds (the "Premium Bonds") is 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 the 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 Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, taxpayers qualifying for the health-insurance premium assistance credit, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Bonds may be includable in the "adjusted financial statement income" of certain corporations as determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation

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

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax- exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations."

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG" or the "Insurer") will issue its municipal bond insurance policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this Official Statement.

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.
- The contingency reserve of AG was approximately $1,569 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "MUNICIPAL BOND INSURANCE—Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by Fidelity Capital Markets (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of $4,277,027.25, representing 99.3502% of the principal amount thereof which resulted in a net effective interest rate of 5.047848% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

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

Securities Laws

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

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

Financial Advisor

Masterson Advisors LLC is engaged 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. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

"THE DISTRICT" - IDS Engineering Group ("Engineer") and Records of the District ("Records"); "THE DEVELOPER" – the Developer; "THE SYSTEM" - Engineer; "BONDS AUTHORIZED BUT UNISSUED" - Records; "FINANCIAL STATEMENT" - Montgomery Central Appraisal District and Equi-Tax, Inc., Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT AND TAX RATES STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" - Equi- Tax, Inc.; "MANAGEMENT" - District Directors; "WATER AND SEWER OPERATIONS" - Records; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; 'THE BONDS" (except for "Book-Entry-Only System"), "TAX PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" - Smith, Murdaugh, Little & Bonham, L.L.P.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

Auditor: The District's audited financial statements for the year ended May 31, 2026, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's May 31, 2026, audited financial statements.

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

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Montgomery Central Appraisal District and has been included herein in reliance upon the authority of such entity to establish the taxable value of property in Montgomery County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Certified Taxable Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Equi-Tax, Inc., and is included herein in reliance upon the authority of such firm as an expert in assessing and collecting taxes.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available to the public without charge through its Electronic Municipal Market Access ("EMMA") internet portal at www.emma.msrb.org.

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated includes the quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT," "THE SYSTEM," "TAX DATA," "WATER AND SEWER OPERATIONS" and "DEBT SERVICE REQUIREMENTS" (most of which information is contained in the District's annual audit report and supplemental schedules) and in APPENDIX A. The District will update and provide this information to the MSRB within six (6) months after the end of each fiscal year ending in or after 2027.

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

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

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an 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 within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders 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 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 (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) 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 Owners and Beneficial Owners of the Bonds. 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 so provided.

Compliance With Prior Undertakings

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

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.

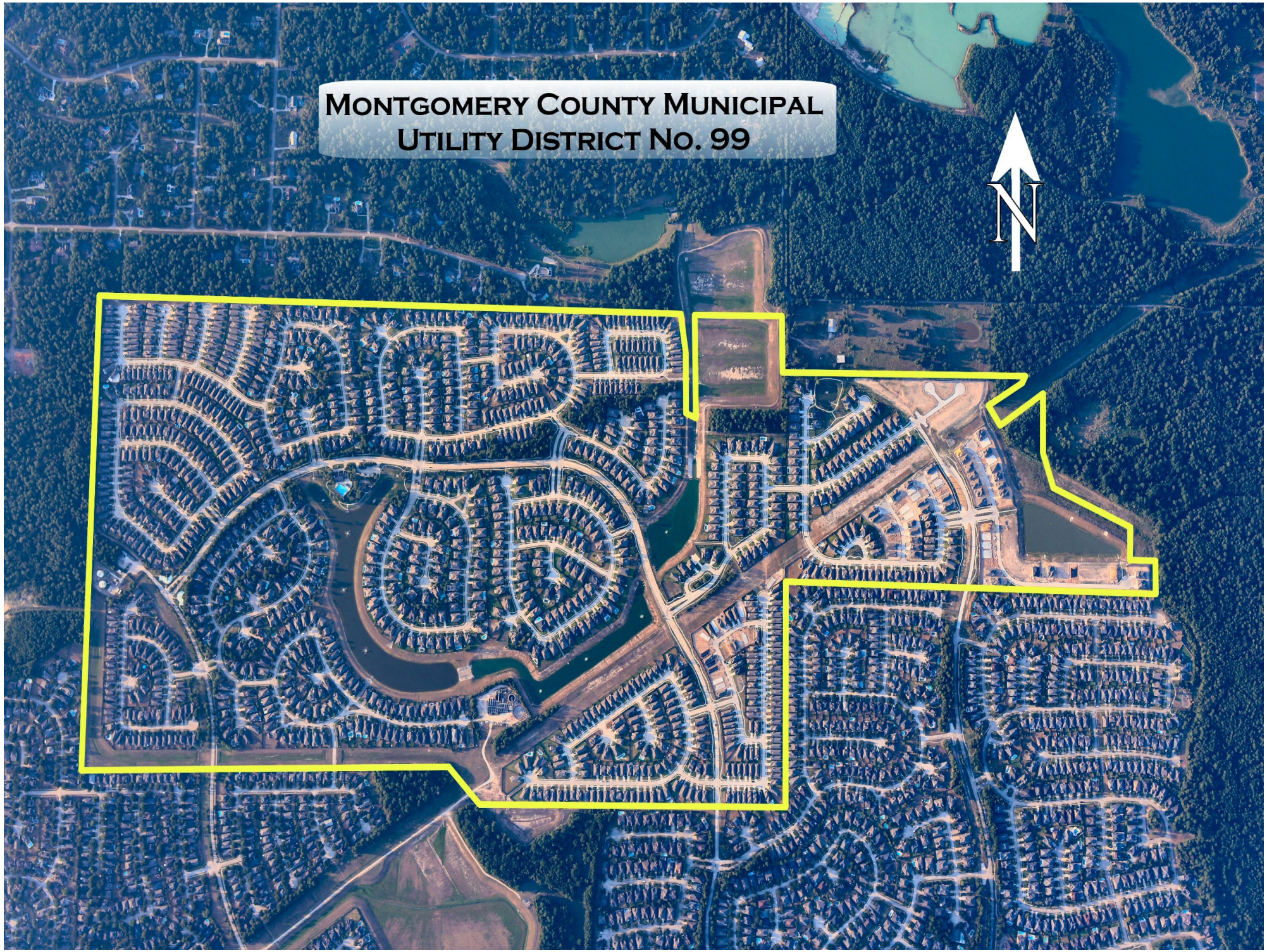
This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 99, as of the date shown on the cover page.

/s/ Michael Winner
President, Board of Directors

ATTEST:

/s/ Debra Stoots
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of August 2026)


Montgomery County Municipal
Utility District No. 99
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PHOTOGRAPHS OF THE DISTRICT
(As of August 2026)

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APPENDIX A

District Audited Financial Statements for the fiscal year ended May 31, 2026

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Municipal
Utility District No. 99
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. 99 (the "District") as of and for the year ended May 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Montgomery County Municipal
Utility District No. 99

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

August 25, 2026

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2026

Management's discussion and analysis of Montgomery County Municipal Utility District No. 99's (the "District") financial performance provides an overview of the District's financial activities for the year ended May 31, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Funds account for financial resources collected and administered by the District for the operations of a joint water plant and a regional wastewater treatment plant. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $8,155,455 as of May 31, 2026.

A portion of the District's net position reflects its net investment in capital assets (land and land improvements, construction in progress and water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 28,975,914	$ 23,636,134	$ 5,339,780
Right-of-Use Assets (Net of Accumulated Amortization)	134,551	299,230	(164,679)
Capital Assets (Net of Accumulated Depreciation)	38,090,761	36,019,002	2,071,759
Total Assets	$ 67,201,226	$ 59,954,366	$ 7,246,860
Deferred Outflows of Resources	$ 160,141	$ 182,868	$ (22,727)
Due to Developer	$ 2,157,585	$ 4,429,644	$ 2,272,059
Long-Term Liabilities	53,639,255	46,388,696	(7,250,559)
Other Liabilities	3,409,072	2,762,672	(646,400)
Total Liabilities	$ 59,205,912	$ 53,581,012	$ (5,624,900)
Net Position:			
Net Investment in Capital Assets	$ (984,286)	$ (1,355,164)	$ 370,878
Restricted	4,627,585	4,007,045	620,540
Unrestricted	4,512,156	3,904,341	607,815
Total Net Position	$ 8,155,455	$ 6,556,222	$ 1,599,233

The following table provides a summary of the District's operations for the years ended May 31, 2026 and 2025. The District's net position increased by $1,599,233 during the year ended May 31, 2026.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 4,844,882	$ 4,233,691	$ 611,191
Charges for Services	3,874,400	3,410,940	463,460
Other Revenues	1,186,754	886,843	299,911
Total Revenues	$ 9,906,036	$ 8,531,474	$ 1,374,562
Expenses for Services	8,306,803	7,329,330	(977,473)
Change in Net Position	$ 1,599,233	$ 1,202,144	$ 397,089
Net Position, Beginning of Year	6,556,222	5,354,078	1,202,144
Net Position, End of Year	$ 8,155,455	$ 6,556,222	$ 1,599,233

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2026 were $27,546,411, an increase of $4,966,780 for the year then ended.

The General Fund fund balance increased by $595,494, primarily due to property taxes and service revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by $650,789, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by $3,720,497, primarily due to the issuance of the Series 2025 bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget and did not amend the budget during the year ended May 31, 2026. The adopted budget projected an increase in General Fund fund balance of $100,892. Actual revenues were $859,335 more than budgeted revenues and actual expenditures were $583,300 more than budgeted expenditures. Transfers in of $218,567 were not budgeted for. The District finished the year ahead of budget by $494,602.

CAPITAL ASSETS

Capital assets as of May 31, 2026, totaled $38,090,761 (net of accumulated depreciation) and include land and land improvements and construction in progress, as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 160,611	$ 160,611	$
Construction in Progress	772,786	1,819,441	(1,046,655)
Capital Assets, Net of Accumulated Depreciation:			
Water System	10,863,445	8,896,698	1,966,747
Wastewater System	14,026,801	13,115,416	911,385
Drainage System	12,267,118	12,026,836	240,282
Total Net Capital Assets	$ 38,090,761	$ 36,019,002	$ 2,071,759

LONG-TERM DEBT ACTIVITY

As of May 31, 2026, the District had total bond debt payable of $55,040,000. The changes in the District's debt position for the year ended May 31, 2026, are summarized as follows:

Bond Debt Payable, June 1, 2025	$ 47,330,000
Add: Bond Sale	8,915,000
Less: Bond Principal Paid	1,205,000
Bond Debt Payable, May 31, 2026	$ 55,040,000

The District's 2017 refunding, 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025 bonds have an underlying rating of Baa2 from Moody's Investor Service. The Series 2017 refunding bonds carry an insured rating of AA from Standard & Poor's Financial Services LLC by virtue of bond insurance from Build America Mutual Assurance Company. The Series 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025 bonds carry an insured rating of AA from Standard & Poor's Financial Services LLC by virtue of bond insurance from Assured Guaranty. The District's 2015 and 2016 bonds are not rated.

As of May 31, 2026, the District has also recorded an amount due to the Developer of $2,157,585. This amount relates to construction projects that the Developer has funded on behalf of the District as of May 31, 2026. The District anticipates reimbursing the Developer for these costs from future bond proceeds.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2027 projects a General Fund fund balance increase of $4,868. General Fund revenues are budgeted to be $2,439,000, while expenditures are budgeted to be $2,434,132. The Wastewater Treatment Plant Fund and Water Plant Fund are net neutral Special Revenue Funds. The adopted budget for fiscal year 2027 for the Water Plant Fund projects revenues and expenditures of $1,840,500, and the adopted budget for fiscal year 2027 for the Wastewater Treatment Plant Fund projects revenues and expenditures of $855,000.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Montgomery County Municipal Utility District No. 99, c/o Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2026

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
ASSETS			
Cash	$ 214,853	$ 572,594	$
Investments	4,143,254		
Receivables:			
Property Taxes	37,523		
Penalty and Interest on Delinquent Taxes			
Service Accounts	107,620		
Other			
Due from Other Funds	503,974		10,086
Prepaid Costs	1,081	7,489	53,193
Due from Other Governmental Units	87,958		97,661
Advance for Water Plant Operations	7,500		
Advance for Regional Wastewater Treatment Plant Operations	16,480		
Right-of-Use Assets (Net of Accumulated Amortization)			
Capital Assets (Net of Accumulated Depreciation):			
Land and Land Improvements			
Construction in Progress			
Water, Wastewater and Drainage Systems			
TOTAL ASSETS	$ 5,120,243	$ 580,083	$ 160,940
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	$ -0-	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,120,243	$ 580,083	$ 160,940

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 126,200	$ 4,989	$ 918,636	$	$ 918,636
4,932,152	17,316,945	26,392,351		26,392,351
133,778		171,301		171,301
			19,884	19,884
		107,620		107,620
	2,593	2,593		2,593
	19,300	533,360	(533,360)	
	67,500	129,263	16,388	145,651
	1,032,259	1,217,878		1,217,878
		7,500	(7,500)	
		16,480	(16,480)	
			134,551	134,551
			160,611	160,611
			772,786	772,786
			37,157,364	37,157,364
$ 5,192,130	$ 18,443,586	$ 29,496,982	$ 37,704,244	$ 67,201,226
$ -0-	$ -0-	$ -0-	$ 160,141	$ 160,141
$ 5,192,130	$ 18,443,586	$ 29,496,982	$ 37,864,385	$ 67,361,367

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2026

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
LIABILITIES			
Cash Overdraft	$	$	$ 22,334
Accounts Payable	536,922	216,983	93,556
Accrued Interest Payable			
Due to Other Governmental Units	987	243,305	
Due to Developer			
Due to Other Funds	10,086	102,295	19,300
Due to Taxpayers			
Security Deposits	76,480		
Advance for Water Plant Operations		17,500	
Advance for Regional Wastewater Treatment Plant Operations			25,750
Long-Term Liabilities:			
Lease Payable, Due Within One Year			
Due Within One Year			
Due After One Year			
TOTAL LIABILITIES	$ 624,475	$ 580,083	$ 160,940
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 37,523	$ -0-	$ -0-
FUND BALANCES			
Nonspendable:			
Prepaid Costs	$ 1,081	$	$
For Water Plant Operations	7,500		
For Regional Wastewater Treatment Plant Operations	16,480		
Restricted for:			
Authorized Construction			
Debt Service			
Unassigned	4,433,184		
TOTAL FUND BALANCES	$ 4,458,245	$ - 0 -	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,120,243	$ 580,083	$ 160,940
NET POSITION			
Net Investment in Capital Assets			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$	$ 22,334	$	$ 22,334
	5,769	853,230		853,230
			562,284	562,284
		244,292		244,292
			2,157,585	2,157,585
15,821	385,858	533,360	(533,360)	
6,324		6,324		6,324
		76,480		76,480
		17,500	(7,500)	10,000
		25,750	(16,480)	9,270
			139,858	139,858
			1,485,000	1,485,000
			53,639,255	53,639,255
$ 22,145	$ 391,627	$ 1,779,270	$ 57,426,642	$ 59,205,912
$ 133,778	$ -0-	$ 171,301	$ (171,301)	$ -0-
$	$	$ 1,081	$ (1,081)	$
		7,500	(7,500)	
		16,480	(16,480)	
	18,051,959	18,051,959	(18,051,959)	
5,036,207		5,036,207	(5,036,207)	
		4,433,184	(4,433,184)	
$ 5,036,207	$ 18,051,959	$ 27,546,411	$ (27,546,411)	$ - 0 -
$ 5,192,130	$ 18,443,586	$ 29,496,982		
			$ (984,286)	$ (984,286)
			4,627,585	4,627,585
			4,512,156	4,512,156
			$ 8,155,455	$ 8,155,455

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MAY 31, 2026

Total Fund Balances - Governmental Funds		$ 27,546,411
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Prepaid bond insurance in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		16,388
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		38,090,761
Right-of-use assets and the corresponding lease payable are reported in the government-wide financial statements in accordance with auditing standards.		(5,307)
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		160,141
Deferred inflows of resources related to property tax revenues and uncollected penalty and interest on delinquent taxes for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.		191,185
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (2,157,585)	
Accrued Interest Payable	(562,284)	
Bonds Payable Within One Year	(1,485,000)	
Bonds Payable After One Year	(53,639,255)	(57,844,124)
Total Net Position - Governmental Activities		$ 8,155,455

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2026

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
REVENUES			
Property Taxes	$ 1,012,165	$	$
Water Service	386,502	2,981,953	
Wastewater Service	609,377		681,986
Conservation District/Water Authority Fees	528,996		
Penalty and Interest	15,861		
Tap Connection and Inspection Fees	149,115		
Sale of Capacity	274,112		
Investment Revenues	142,166	490	
Miscellaneous Revenues	21,041		
TOTAL REVENUES	$ 3,139,335	$ 2,982,443	$ 681,986
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 209,168	$ 62,810	$ 29,611
Contracted Services	704,501	7,523	7,000
Purchased Water Service	852,486	100,330	
Purchased Wastewater Service	271,450		
Utilities	835	113,196	111,675
Regional Water Authority Assessment/Purchased Water		1,378,747	
Repairs and Maintenance	278,487	177,991	153,693
Depreciation/Amortization			
Other	418,340	65,660	147,532
Capital Outlay	27,141	1,076,186	57,515
Developer Interest			
Debt Service:			
Lease Principal			164,386
Lease Interest			10,574
Bond Principal			
Bond Interest			
Bond Issuance Costs			
TOTAL EXPENDITURES/EXPENSES	$ 2,762,408	$ 2,982,443	$ 681,986
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ 376,927	$ -0-	$ -0-
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ 218,567	$	$
Long-Term Debt Issued			
Bond Discount			
TOTAL OTHER FINANCING SOURCES, NET	$ 218,567	$ -0-	$ -0-
NET CHANGE IN FUND BALANCES	$ 595,494	$ -0-	$ -0-
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - JUNE 1, 2025	3,862,751		
FUND BALANCES/NET POSITION - MAY 31, 2026	$ 4,458,245	$ -0-	$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 3,765,223	$	$ 4,777,388	$ 67,494	$ 4,844,882
		3,368,455	(1,253,075)	2,115,380
		1,291,363	(271,450)	1,019,913
		528,996		528,996
38,204		54,065	6,931	60,996
		149,115		149,115
		274,112		274,112
145,449	603,492	891,597		891,597
4		21,045		21,045
$ 3,948,880	$ 603,492	$ 11,356,136	$ (1,450,100)	$ 9,906,036
$ 12,997	$ 20,568	$ 335,154	$	$ 335,154
70,496		789,520		789,520
		952,816	(852,486)	100,330
		271,450	(271,450)	
		225,706		225,706
		1,378,747		1,378,747
		610,171		610,171
			1,213,859	1,213,859
10,429	100	642,061		642,061
	4,632,745	5,793,587	(5,793,587)	
	174,984	174,984		174,984
		164,386	(164,386)	
		10,574		10,574
1,205,000		1,205,000	(1,205,000)	
1,999,169		1,999,169	108,277	2,107,446
	718,251	718,251		718,251
$ 3,298,091	$ 5,546,648	$ 15,271,576	$ (6,964,773)	$ 8,306,803
$ 650,789	$ (4,943,156)	$ (3,915,440)	$ 5,514,673	$ 1,599,233
$	$ (218,567)	$	$	$
	8,915,000	8,915,000	(8,915,000)	
	(32,780)	(32,780)	32,780	
$ -0-	$ 8,663,653	$ 8,882,220	$ (8,882,220)	$ -0-
$ 650,789	$ 3,720,497	$ 4,966,780	$ (4,966,780)	$
			1,599,233	1,599,233
4,385,418	14,331,462	22,579,631	(16,023,409)	6,556,222
$ 5,036,207	$ 18,051,959	$ 27,546,411	$ (19,390,956)	$ 8,155,455

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2026

Net Change in Fund Balances - Governmental Funds	$	4,966,780
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		67,494
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		6,931
Governmental funds do not account for depreciation or amortization expense. However, in the Statement of Net Position, capital assets are depreciated and right-of-use assets are amortized and depreciation/amortization expense is recorded in the Statement of Activities.		(1,213,859)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		5,793,587
Governmental funds report bond discounts, bond premiums and deferred charges on refunding bonds as other financing sources/uses and bond insurance as an expenditure in the year paid. However, in the Statement of Net Position, bond discounts, bond premiums, deferred charges on refunding bonds and bond insurance are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		15,087
Governmental funds report principal payments as expenditures. However, in the Statement of Net Position, principal payments are reported as decreases in long-term liabilities.		1,369,386
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(90,584)
Governmental funds report bond proceeds as other financing sources. However, issued bonds increase long-term liabilities in the Statement of Net Position.		(8,915,000)
Governmental funds report capital outlay reimbursed by other entities as revenue. However, these do not increase the capital assets of the District and decreases revenue on the Statement of Activities.		(400,589)
Change in Net Position - Governmental Activities	$	1,599,233

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

NOTE 1. CREATION OF DISTRICT

Montgomery County Municipal Utility District No. 99 (the "District") was created effective May 26, 2005, by an Order of the Texas Commission on Environmental Quality, (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on June 27, 2005, and the first bonds were sold on November 24, 2009.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has entered into an agreement with Montgomery County Municipal Utility District No. 115 ("District No. 115") and Montgomery Municipal Utility District No. 127 ("District No. 127") for water service through a joint water plant. The District has oversight over the water plant. Additional disclosure concerning this agreement is provided in Note 8.

The District has entered into an agreement with District No. 115 for wastewater disposal through the regional wastewater treatment plant. The District has oversight responsibility over the plant. Additional disclosure concerning this agreement is provided in Note 9.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

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

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

Special Revenue Funds – To account for financial resources collected and administered by the District for the operation of a joint wastewater treatment plant and a joint water plant which are Special Revenue Funds of the District.

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over three years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

Unappropriated budgets were adopted on May 27, 2025, for the General Fund and Special Revenue Funds on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budgets as management tools for planning and cost control purposes. The budgets were not amended during the fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund – Water Plant, and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund – Wastewater Treatment Plant present the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding long-term debt for the year ended May 31, 2026:

	June 1, 2025	Additions	Retirements	May 31, 2026
Bonds Payable	$ 47,330,000	$ 8,915,000	$ 1,205,000	$ 55,040,000
Unamortized Discounts	(113,268)	(32,780)	(5,222)	(140,826)
Unamortized Premiums	237,106		12,025	225,081
Total Long-Term Liabilities	$ 47,453,838	$ 8,882,220	$ 1,211,803	$ 55,124,255

Amount Due Within One Year	$ 1,485,000
Amount Due After One Year	53,639,255
Total Long-Term Liabilities	$ 55,124,255

NOTE 3. LONG-TERM DEBT (Continued)

On October 30, 2025, the District issued $8,915,000 of Unlimited Tax Bonds, Series 2025, with interest rates ranging from 4.00% to 6.50%. The net proceeds of $8,269,930 (after payment of underwriting fees and other issuance costs) were used to finance water, wastewater and drainage facilities and pay subsequent bond issuance costs.

	Series 2015	Series 2016	Series 2017 Refunding
Amounts Outstanding – May 31, 2026	$ 1,520,000	$ 2,050,000	$ 2,325,000
Interest Rates	4.00%	3.40% - 4.20%	2.50% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2033/2039	September 1, 2026/2041	September 1, 2026/2035
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2023*	September 1, 2024*

	Series 2018	Series 2019	Series 2020
Amounts Outstanding – May 31, 2026	$ 3,395,000	$ 2,715,000	$ 3,700,000
Interest Rates	3.00% - 4.00%	3.00% - 3.125%	2.25% - 2.375%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2043	September 1, 2026/2044	September 1, 2026/2046
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2025*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or 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. Series 2015 term bonds due September 1, 2035, 2037 and 2039; Series 2016 term bonds due September 1, 2028, 2030, 2033, 2036, and 2041; Series 2017 refunding term bonds due September 1, 2033 and 2035; Series 2018 term bonds due September 1, 2033, 2035, 2039 and 2043; Series 2019 term bonds due September 1, 2029, 2031, 2033, 2035, 2037, 2039, 2042 and 2044 and Series 2020 term bonds due September 1, 2033, 2036, 2040, 2044 and 2046 and are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2021	Series 2022	Series 2023
Amounts Outstanding – May 31, 2026	$ 3,525,000	$ 6,885,000	$ 10,510,000
Interest Rates	2.00% - 2.375%	4.25% - 6.00%	4.25% - 6.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2047	September 1, 2026/2048	September 1, 2026/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2026**	September 1, 2028**	September 1, 2029**

	Series 2024	Series 2025
Amounts Outstanding – May 31, 2026	$ 9,500,000	$ 8,915,000
Interest Rates	3.00% - 5.00%	4.00% - 6.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2050	September 1, 2027/2051
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2030**	September 1, 2031**

** The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or 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. Series 2021 term bonds due September 1, 2033, 2035, 2037, 2039, 2041 and 2047; Series 2022 term bonds due September 1, 2045 and 2048 and Series 2023 term bonds due September 1, 2029 and 2046 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

As of May 31, 2026, the District had authorized but unissued bonds in the amount of $18,595,000 for utility facilities.

NOTE 3. LONG-TERM DEBT (Continued)

As of May 31, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 1,485,000	$ 2,214,438	$ 3,699,438
2028	1,920,000	2,135,801	4,055,801
2029	1,955,000	2,040,438	3,995,438
2030	1,985,000	1,945,007	3,930,007
2031	1,995,000	1,854,453	3,849,453
2032-2036	10,645,000	8,042,824	18,687,824
2037-2041	11,915,000	5,899,905	17,814,905
2042-2046	13,420,000	3,376,540	16,796,540
2047-2051	9,370,000	903,074	10,273,074
2052	350,000	7,219	357,219
	$ 55,040,000	$ 28,419,699	$ 83,459,699

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended May 31, 2026, the District levied an ad valorem debt service tax rate of $0.80 per $100 of assessed valuation, which resulted in a tax levy of $3,676,956 on the adjusted taxable valuation of $459,619,408 for the 2025 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that all investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the monies for such investments were taken; provided, however, at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund. In accordance with this provision, the earnings in each fund have been retained by the fund making the investment.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS (Continued)

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

For the bond issues, the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five year anniversary of each issue.

The bond orders state that the District shall maintain insurance on the system of a kind and in an amount which usually would be carried on similar systems by water control and improvement district in the State of Texas.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $918,636 and the bank balance was $1,104,930. Of the bank balance, $859,420 was covered by federal depository insurance and the remaining by collateral pledged in the name of the District and held in a third-party depository.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2026, as listed below:

	Cash
GENERAL FUND	$ 214,853
SPECIAL REVENUE FUNDS	572,594
DEBT SERVICE FUND	126,200
CAPITAL PROJECTS FUND	4,989
TOTAL DEPOSITS	$ 918,636

Investments

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

As of May 31, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexSTAR	$ 4,143,254	$ 4,143,254
DEBT SERVICE FUND		
TexSTAR	$ 4,932,152	$ 4,932,152
CAPITAL PROJECTS FUND		
TexSTAR	$ 17,316,945	$ 17,316,945
TOTAL INVESTMENTS	$ 26,392,351	$ 26,392,351

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2026, the District's investment in TexSTAR was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexSTAR to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Special Revenue Funds are restricted for water plant and wastewater treatment plant operations.

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

All cash and investments of the Capital Projects Fund are restricted for the purchase or rehabilitation of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2026:

	June 1, 2025	Increases	Decreases	May 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 160,611	$ - 0 -	$ - 0 -	$ 160,611
Construction in Progress	1,819,441	601,629	1,648,284	772,786
Total Capital Assets Not Being Depreciated	$ 1,980,052	$ 601,629	$ 1,648,284	$ 933,397
Capital Assets Subject to Depreciation				
Water System	$ 12,140,642	$ 2,323,244	$	$ 14,463,886
Wastewater System	15,859,532	1,291,919		17,151,451
Drainage System	13,748,047	552,431		14,300,478
Total Capital Assets Subject to Depreciation	$ 41,748,221	$ 4,167,594	$ - 0 -	$ 45,915,815
Accumulated Depreciation				
Water System	$ 3,243,944	$ 356,497	$	$ 3,600,441
Wastewater System	2,744,116	380,534		3,124,650
Drainage System	1,721,211	312,149		2,033,360
Total Accumulated Depreciation	$ 7,709,271	$ 1,049,180	$ - 0 -	$ 8,758,451
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 34,038,950	$ 3,118,414	$ - 0 -	$ 37,157,364
Total Capital Assets, Net of Accumulated Depreciation	$ 36,019,002	$ 3,720,043	$ 1,648,284	$ 38,090,761

NOTE 7. MAINTENANCE TAX

On September 10, 2005, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per $100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended May 31, 2026, the District levied an ad valorem maintenance tax rate of $0.215 per $100 of assessed valuation, which resulted in a tax levy of $988,181 on the adjusted taxable valuation of $459,619,408 for the 2025 tax year.

NOTE 8. WATER SUPPLY AGREEMENTS

The District entered into a water supply agreement, effective September 20, 2005, with Land Development Company, Ltd., the Developer within the District, and 525 Investors, Ltd. 525 Investors, Ltd. subsequently assigned their participation in the agreement to District No. 115. On November 1, 2008, the District and its Developer, now 2005 Imperial Oaks, Ltd., entered into the First Amended and Restated Water Supply Agreement (the "Water Supply Agreement") with District No. 115 and its Developer, now Imperial Oaks Development Corp. The Water Supply Agreement supersedes the previous agreement dated September 20, 2005. This Water Supply Agreement outlines how the parties will participate in the construction, operation and maintenance of the water plant facilities. The District will hold legal title to and shall operate the water plant facilities; however, each district will hold equitable title to reserved capacity in the water plant facilities. In accordance with the Water Supply Agreement, District No. 115 initially purchased 24% of the capacity in the water plant facilities for $623,761. The term of the Water Supply Agreement is 40 years.

Effective July 24, 2012, the District and District No. 115 approved the Second Amended and Restated Agreement. On December 17, 2013, the District and District No. 115 approved the Third Amended and Restated Water Supply Agreement. On May 7, 2015, the District, District No. 115 and District No. 127 approved the Fourth Amended and Restated Agreement whereby District No. 127 was added as a party to the agreement. Effective January 1, 2026, the District, District No. 115 and District No. 127 approved the Supplemental Declaration to Fourth Amended and Restated Water Supply Agreement. The districts have agreed to pay for the operation and maintenance of the water plant facilities. Costs of the plant are to be categorized as fixed costs and variable costs. The districts are billed monthly for their fixed costs based upon their pro-rata share of the capacity in the water plant facilities. The districts are also billed monthly for their share of the variable costs. Each district's variable cost for the billing period will be calculated by multiplying the total variable costs incurred by a fraction whose numerator equals the total metered flow of water to each district during the billing period, and whose denominator is the total metered pumpage from the water plant during the billing period. In the event the total metered flow to all district's customers is less than the metered pumpage from the water plant in a billing period, the remaining amount will be pro-rated among the districts in proportion to each district's fixed expenses in the same billing period. In addition, District No.

NOTE 8. WATER SUPPLY AGREEMENTS (Continued)

115 and District No. 127 have agreed to pay the District an overhead fee equal to 10% of their respective variable costs.

As of May 31, 2026, each district's respective share in the capacity in the water plant facilities was as follows:

The District	39.10%
Montgomery County Municipal Utility District No. 115	37.40
Montgomery County Municipal Utility District No. 127	23.50
Total	100.00%

During the year ended May 31, 2026, the District's share of the Water Plant's expenditures was $852,486. The districts have also made an advance for operations of the water plant facilities. Total operating advances from all participants is $17,500. The District's share is $7,500 while District No. 115's share is $10,000.

On September 27, 2005, the District entered into an agreement with White Oak Water Supply Corporation ("White Oak"). In accordance with the White Oak agreement, the District was required to reserve capacity in the water plant facilities for White Oak in the amount of 68,000 gallons per day. On October 1, 2009, the White Oak agreement was amended to modify the schedule for construction of the interconnect facilities and the schedule for payments to the District by White Oak for well capacity and the interconnect facilities. During a prior fiscal year, the District received payments of $85,000 from White Oak to pay toward the costs of design and construction of 68,000 gallons per day capacity in the water plant facilities and one half the cost of the metering equipment at the interconnect.

On May 8, 2006, the District entered into a water supply and emergency interconnect agreement with Rayford Road Municipal Utility District ("Rayford Road"). In accordance with this agreement, Rayford Road purchased 84,000 gallons per day capacity in the water plant facilities for $306,594. During an emergency, the price to be paid for water by either district is $1.00 per 1,000 gallons. On October 12, 2009, the Rayford Road agreement was amended to show a purchase price of $317,500 and note that water delivered to the District from Rayford Road during construction at the water plant will be repaid in kind. The Second Amended and Restated Water Supply and Emergency Interconnect Agreement dated March 22, 2011, affirmed the terms of the prior agreements. On July 9, 2012, Rayford Road sold their capacity to the District and District No. 115 in the amount of $85,813 and $304,244, respectively. The Second Amended and Restated Water Supply and Emergency Interconnect Agreement was terminated.

On July 24, 2012, the District entered into an Emergency Water Supply Agreement with Rayford Road. During an emergency, the price to be paid for water by either district is $1.00 per 1,000 gallons of water supplied plus pumpage fees charged by a regional water authority or groundwater conservation district. The term of the agreement is 40 years.

NOTE 8. WATER SUPPLY AGREEMENTS (Continued)

On November 1, 2008, District No. 115 entered into an emergency water supply contract with Rayford Road. During an emergency, the price to be paid for water by either district is $1.00 per 1,000 gallons. The term of the agreement is 40 years.

On June 5, 2014, District No. 115 entered into an emergency water supply contract with District No. 127. During an emergency, the price to be paid for water by either district is $1.00 per 1,000 gallons. The term of the agreement is 20 years.

On June 5, 2014, District No. 127 entered into an emergency water supply contract with Montgomery County Municipal Utility District No. 88. During an emergency, the price to be paid for water by either district is equal to the rate per 1,000 gallons of water furnished charged by the supplying party to residential customers using 10,000 gallons per month. If fees are imposed upon the supplying party by a regional water authority, groundwater conservation district, river authority, or other governmental entity or contractual arrangement (the "Entity"), the price is increased by the amount of the fee imposed by such Entity.

NOTE 9. WASTE DISPOSAL AGREEMENT

The District entered into a waste disposal agreement, effective September 20, 2005, with Land Development Company, Ltd., the Developer within the District, and 525 Investors, Ltd. 525 Investors, Ltd. subsequently assigned their participation in the agreement to District No. 115. On November 1, 2008, the District and its Developer, now 2005 Imperial Oaks, Ltd., entered into the First Amended and Restated Waste Disposal Agreement (the "Waste Disposal Agreement") with District No. 115 and its Developer, now Imperial Oaks Development Corp. The Waste Disposal Agreement supersedes the previous agreement dated September 20, 2005. On May 27, 2014, the District and its Developer, 2005 Imperial Oaks, Ltd., entered into the Second Amended and Restated Waste Disposal Agreement with District No. 115 and its Developer, Imperial Oaks Development Corp. This Waste Disposal Agreement supersedes the previous agreement dated November 1, 2008. The Waste Disposal Agreement outlines how the parties will participate in the construction, operation and maintenance of the waste disposal plant. The District will hold legal title to and shall operate the waste disposal plant; however, each district will hold equitable title to reserved capacity in the waste disposal plant. The term of the Waste Disposal Agreement is 40 years.

NOTE 9. WASTE DISPOSAL AGREEMENT (Continued)

The districts have agreed to pay for the operation and maintenance of the waste disposal plant. Costs of the plant are to be categorized as fixed costs and variable costs. The districts are billed monthly for their fixed costs based upon their pro-rata share of the capacity in the waste disposal plant. The districts are also billed monthly for their share of the variable costs. Each district's variable cost for the billing period will be calculated by multiplying the total variable costs incurred by a fraction whose numerator equals the calculated waste flow entering the waste disposal plant attributable to each district during the billing period, and whose denominator is the total amount of calculated waste flow entering the waste disposal plant during the billing period. The calculated waste flow, defined per the Agreement, is calculated by adding the total metered water consumption through all connections within each district, not including water consumption through metered irrigation connections. In addition, District No. 115 has agreed to pay the District an overhead fee equal to 10% of its respective variable costs.

As of May 31, 2026, each district's respective share in the capacity in the waste disposal plant is as follows:

The District	43.18%
Montgomery County Municipal Utility District No. 115	56.82
Total	100.00%

During the year ended May 31, 2026, the District's share of the waste disposal expenditures was $271,450. The districts have also made an advance for operations of the waste disposal plant. Total operating advances from all participants is $25,750. The District's share is $16,480 while District No. 115's share is $9,270.

NOTE 10. LEASES

On October 24, 2023, the District entered into a 36-month lease agreement to lease a sewage treatment plant, Phase 5A commencing on the first day of the month following substantial completion of the installation and start-up of the leased equipment which was March 2024. In accordance with the agreement, the District paid the first and last month lease payments on execution of the agreement. The monthly lease payments are $8,810 and, during the year ended May 31, 2026, the District recognized $105,720 in lease expenditures related to this agreement. The agreement includes an extension on a month-to-month basis after the initial term at a monthly rate of $6,850.

NOTE 10. LEASES (Continued)

In accordance with GASB Statement No. 87, the District recognized a right-of-use asset pertaining to the leased sewer treatment plant of $73,815 calculated using a borrowing rate of 4.98%, net of accumulated amortization of $221,446 using an amortizable life of three years, the lesser of the term of the lease or useful life of the asset. At May 31, 2026, the District recognized a lease payable of $77,670 on the Statement of Net Position pertaining to the lease of the sewer treatment plant.

On September 30, 2024, the District entered into an amendment to the sewer treatment plant lease which added a dechlorinator to the lease discussed above. The term for the additional leased property is 27 months commencing on the first day of the month following installation of the dechlorinator, which was February 2025, and monthly lease payments are $5,770. During the year ended May 31, 2026, the District recognized $69,240 in lease expenditures related to this amendment.

In accordance with GASB Statement No. 87, the District recognized a right-of-use asset pertaining to the leased dechlorinator of $60,736 calculated using a borrowing rate of 4.10%, net of accumulated amortization of $88,344 and using an amortizable life of 2.25 years, the lesser of the term of the lease or useful life of the asset. At May 31, 2026, the District recognized a lease payable of $62,188 on the Statement of Net Position pertaining to the leased dechlorinator.

Future lease payments to be made by the District under the terms of the original Phase 5A sewer treatment plant lease and the amended dechlorinator lease are summarized in the following table:

Fiscal year	Principal	Interest	Total
2027	$ 139,858	$ 2,902	$ 142,760

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 natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. INTERFUND LIABILITIES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". The composition of interfund balances as of May 31, 2026 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund - Water Plant	$ 102,295
General Fund	Debt Service Fund	15,821
General Fund	Capital Projects Fund	385,858
Special Revenue Fund - Wastewater Treatment Plant	General Fund	10,086
Capital Projects Fund	Special Revenue Fund - Wastewater Treatment Plant	19,300
Total		$ 533,360

The Debt Service Fund owed the General Fund for maintenance tax collections. The Capital Projects Fund owed the General Fund for bond issuance and capital related costs. The Special Revenue Fund – Water Plant owed the General Fund for water plant expenditures. The General Fund owed the Special Revenue Fund – Wastewater Treatment Plant for the District's portion of the wastewater treatment plant activities. The Special Revenue Fund – Wastewater Treatment Plant owed the Capital Projects Fund for lease deposits.

NOTE 13. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"). The Conservation District was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the "Act"), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Conservation District for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Conservation District is overseeing that its participants comply with subsidence district pumpage requirements. The District is required to convert its water supply to surface water over a period of time.

A nine-member board of directors governs the Conservation District. The directors serve staggered four-year terms. Each director must qualify to serve as director in the manner provided by Section 49.055 of the Water Code.

NOTE 13. LONE STAR GROUNDWATER CONSERVATION DISTRICT (Continued)

The Conservation District's current plan (the "2025 Plan") was adopted on March 4, 2025 and approved by the Texas Water Development board on April 23, 2025. The 2025 Plan requires the Conservation District to monitor subsidence within its boundaries, participate in the joint planning efforts of Groundwater Management Area 14, and adopt well spacing and production allocation rules to achieve the goals stated therein. The 2025 Plan does not require large volume groundwater users to submit a groundwater reduction plan individually or jointly with other large volume groundwater users to ensure that certain progress is made to meet surface water conversion obligations.

The Conservation District charges production fees based on the amount of water authorized by permit to be withdrawn from a well. This fee enables the Conservation District to fulfill its purpose and regulatory functions. As of May 31, 2026, the fee was $0.085 per 1,000 gallons of water pumped from each well. During the current fiscal year, the District's water plant recorded an expenditure of $31,954 pertaining to these fees.

NOTE 14. SAN JACINTO RIVER AUTHORITY

On June 22, 2010, the District entered into a Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the "Authority"). The District and the Authority operate within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District") - see Note 13. The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. A surface water treatment and transmission system (the "Project") is proposed to be designed, constructed, operated, and maintained by the Authority in order to provide phased treatment, transmission, and delivery of the Authority's surface water to regulated users for blending with groundwater supplies, so that regulated users may continue to pump groundwater. The Authority will develop a Groundwater Reduction Plan (the "GRP") for all participants. At May 31, 2026, the Authority charged a fee of $2.51 per 1,000 gallons for groundwater used and $3.10 per 1,000 gallons for surface water used. This fee enables the Authority to achieve, maintain and implement the GRP. The terms of this contract expire on December 31, 2045. During the current fiscal year, the District's water plant recorded expenditures of $1,378,747 in relation to this contract.

On April 24, 2014, the District and District No. 115, along with each districts Developers, entered into the Supplemental Agreement (Non-Mandatory Conversion to Surface Water) with the Authority. This agreement outlines the design and construction of the facilities in two separate phases. In accordance with the provisions related to Phase I, District No. 115 advanced $294,000 to the District for the initial payment required to the Authority for the design of Phase I. In fiscal year 2016, District No. 115 advanced $1,327,541 to the District for the payment to the Authority for costs related to construction of the facilities. During fiscal year 2018, Phase I

NOTE 14. SAN JACINTO RIVER AUTHORITY (Continued)

was completed and District No. 115 received a refund from the Authority of $262,607. The Authority is obligated to provide up to 590,000 gallons per day of treated surface water to the water plant shared with District No. 115 and the District will be required to take at least 253,000 gallons per day.

Effective September 1, 2026, a new Supplemental Agreement between SJRA and the District was approved. Pursuant to its terms, the District will be required to take at least 590,000 gallons per day of treated surface water and the SJRA will be obligated to supply up to 1,022,400 gallons per day.

NOTE 15. UNREIMBURSED COSTS

The District has executed reimbursement agreements with the Developer within the District. The agreements call for the Developer to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds.

As of May 31, 2026, $2,157,585 has been recorded as due to the Developer for amounts expended on behalf of the District in relation to the agreements for projects that have been completed. This liability has been recorded in the Statement of Net Position. The following is a summary of activity during the fiscal year ended May 31, 2026:

Due to Developer, June 1, 2025	$	4,429,644
Add: Additional Amounts Owed/Adjusted		2,040,139
Less: Amounts Paid		4,312,198
Due to Developer, May 31, 2026	$	2,157,585

NOTE 16. STRATEGIC PARTNERSHIP AGREEMENT

Effective January 12, 2023, the City of Conroe (the "City") and the District entered into the Strategic Partnership Agreement (the "SPA") to define and clarify the terms and conditions of the annexation of the District by the City. The City shall annex the District by ordinance and notice of proposed limited purpose or full purpose annexation shall be given by the City to the governing body of the District in writing not less than 90 days prior to the proposed effective date of the annexation. In addition, the City shall conduct two public hearings on the proposed annexation as detailed out in the SPA.

The City may at any time annex the territory of the District for limited purposes as provided by Section 43.0751 of the Code and may by ordinance impose within the District any sales and use tax imposed by the City within its full purpose boundaries.

NOTE 16. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

The District may consent to full purpose annexation at any time on or after December 31 of the 16th year following the District's first ad valorem tax bond issuance or December 31, 2025, whichever is first and the City agrees not to annex the District for full municipal purposes prior to such date. Upon full purpose annexation, the City may, subject to the limitations per the SPA, abolish the District and assume its debts and obligations pursuant to Local Government Code Section 43.075 or continue the District as a limited district upon the terms per the SPA. The District shall not be abolished but shall continue to exist as a limited district until 90% build out.

The SPA will remain in effect until the earlier date to occur of forty years from the effective date of the SPA or the date the District shall cease to exist for any purpose pursuant to the terms of the SPA.

NOTE 17. SUBSEQUENT EVENT

On June 5, 2026, a bond application was submitted to the Commission for $4,305,000 of Series 2026, Unlimited Tax Bonds. Proceeds are expected to fund water, sewer and drainage facilities as well as land costs, related engineering costs, cleaning and televising costs and water supply expansion project costs. The bond is expected to close in October 2026.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2026

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED MAY 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 865,000	$ 1,012,165	$ 147,165
Water Service	370,000	386,502	16,502
Wastewater Service	475,000	609,377	134,377
Conservation District/Water Authority Fees	410,000	528,996	118,996
Penalty and Interest	10,000	15,861	5,861
Tap Connection and Inspection Fees	50,000	149,115	99,115
Investment Revenues	100,000	142,166	42,166
Miscellaneous Revenues		21,041	21,041
TOTAL REVENUES	$ 2,280,000	$ 3,139,335	$ 859,335
EXPENDITURES			
Service Operations:			
Professional Fees	$ 199,500	$ 209,168	$ (9,668)
Contracted Services	669,000	704,501	(35,501)
Purchased Water Service	576,550	852,486	(275,936)
Purchased Wastewater Service	316,758	271,450	45,308
Utilities	300	835	(535)
Repairs and Maintenance	220,000	278,487	(58,487)
Other	197,000	418,340	(221,340)
Capital Outlay		27,141	(27,141)
TOTAL EXPENDITURES	$ 2,179,108	$ 2,762,408	$ (583,300)
EXCESS OF REVENUES OVER EXPENDITURES	$ 100,892	$ 376,927	$ 276,035
OTHER FINANCING SOURCES			
Transfers In	$	$ 218,567	$ 218,567
NET CHANGE IN FUND BALANCE	$ 100,892	$ 595,494	$ 494,602
FUND BALANCE - JUNE 1, 2025	3,862,751	3,862,751	
FUND BALANCE - MAY 31, 2026	$ 3,963,643	$ 4,458,245	$ 494,602

The accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND – WATER PLANT FOR THE YEAR ENDED MAY 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 2,217,500	$ 2,981,953	$ 764,453
Investment Revenues		490	490
TOTAL REVENUES	$ 2,217,500	$ 2,982,443	$ 764,943
EXPENDITURES			
Service Operations:			
Professional Fees	$ 9,500	$ 62,810	$ (53,310)
Purchased Water Service		100,330	(100,330)
Contracted Services	6,000	7,523	(1,523)
Utilities	160,000	113,196	46,804
Regional Water Authority Assessment/ Purchased Water	1,300,000	1,378,747	(78,747)
Repairs and Maintenance	160,000	177,991	(17,991)
Other	82,000	65,660	16,340
Capital Outlay	500,000	1,076,186	(576,186)
TOTAL EXPENDITURES	$ 2,217,500	$ 2,982,443	$ (764,943)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - JUNE 1, 2025			
FUND BALANCE - MAY 31, 2026	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND – WASTEWATER TREATMENT PLANT FOR THE YEAR ENDED MAY 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	$ 896,000	$ 681,986	$ (214,014)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 9,500	$ 29,611	$ (20,111)
Contracted Services	6,000	7,000	(1,000)
Utilities	120,000	111,675	8,325
Repairs and Maintenance	250,000	153,693	96,307
Other	335,500	147,532	187,968
Lease Payments	175,000	174,960	40
Capital Outlay		57,515	(57,515)
TOTAL EXPENDITURES	$ 896,000	$ 681,986	$ 214,014
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - JUNE 1, 2025			
FUND BALANCE - MAY 31, 2026	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2026

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2026

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

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection	X	Security
X	Solid Waste/Garbage		Flood Control		Roads

X Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

____ Other (specify): _____

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective May 26, 2026.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$20.00	6,000	N	$1.25	6,001 to 16,000
				$1.50	16,001 to 26,000
				$1.75	26,001 to 36,000
				$2.00	Over 36,001
WASTEWATER:	$35.25	6,000	N	$1.25	Over 6,001

SURCHARGE:

Water Conservation District Fees	$0.085 per 1,000 gallons, plus a 10% administration fee
San Jacinto River Authority Fee	$3.10 per 1,000 gallons, plus a 10% administration fee

District employs winter averaging for wastewater usage? ____ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $25.00 Wastewater: $40.25 Surcharge: $35.04 Total: $100.29

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	1,425	1,385	x 1.0	1,385
1"	16	15	x 2.5	37.5
1½"			x 5.0	
2"	14	14	x 8.0	112
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	1,455	1,414		1,534.5
Total Wastewater Connections	1,419	1,380	x 1.0	1,380

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped in system:	*	Water Accountability Ratio: * (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	146,086,000	
Gallons purchased:	275,000,000	From: San Jacinto River Authority
	21,700,000	From: Rayford Road MUD
Gallons sold:	*	
Leaks and Flushing:	5,400,000	

* The District receives its water supply from the joint water plant operated by the District, see Note 8. During the current fiscal year, the water system pumped 189,475,000 gallons of water into the system, which excludes the amounts shown as purchased above. District No. 115 had 218,157,000 gallons of water usage. District No. 127 had 84,510,000 gallons of water usage.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2026

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

Does the District have Debt Service standby fees? Yes __ No _X_

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No _____

County or Counties in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all __X__

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

Entirely __X__ Partly _____ Not at all _____

ETJ in which the District is located:

City of Conroe, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2026

PROFESSIONAL FEES:		
Auditing	$	16,250
Engineering		126,963
Legal		65,955
TOTAL PROFESSIONAL FEES	$	209,168
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	852,486
Purchased Wastewater Service		271,450
TOTAL PURCHASED SERVICES FOR RESALE	$	1,123,936
CONTRACTED SERVICES:		
Bookkeeping	$	20,175
Operations and Billing		55,910
TOTAL CONTRACTED SERVICES	$	76,085
UTILITIES	$	835
REPAIRS AND MAINTENANCE	$	278,487
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	11,492
Dues		750
Election Costs		8,603
Insurance		2,157
Office Supplies and Postage		50,935
Payroll Taxes		845
Travel and Meetings		4,051
Other		18,587
TOTAL ADMINISTRATIVE EXPENDITURES	$	97,420
CAPITAL OUTLAY	$	27,141

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2026

TAP CONNECTIONS	$	112,565
SOLID WASTE DISPOSAL	$	361,149
SECURITY	$	267,267
OTHER EXPENDITURES:		
Chemicals	$	6,003
Laboratory Fees		38,135
Permit Fees		3,001
Reconnection Fees		4,870
Inspection Fees		21,410
Regulatory Assessment		4,814
Sludge Hauling		130,122
TOTAL OTHER EXPENDITURES	$	208,355
TOTAL EXPENDITURES	$	2,762,408

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
INVESTMENTS
MAY 31, 2026

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexSTAR	XXXX2220	Varies	Daily	$ 4,143,254	$
DEBT SERVICE FUND					
TexSTAR	XXXX3330	Varies	Daily	$ 4,932,152	$
CAPITAL PROJECTS FUND					
TexSTAR	XXXX4440	Varies	Daily	$ 17,316,945	$
TOTAL - ALL FUNDS				$ 26,392,351	$ - 0 -

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JUNE 1, 2025	$ 23,433		$ 80,374	
Adjustments to Beginning Balance	38,074	$ 61,507	141,671	$ 222,045
Original 2025 Tax Levy	$ 961,342		$ 3,577,088	
Adjustment to 2025 Tax Levy	26,839	988,181	99,868	3,676,956
TOTAL TO BE ACCOUNTED FOR		$ 1,049,688		$ 3,899,001
TAX COLLECTIONS:				
Prior Years	$ 43,104		$ 159,414	
Current Year	969,061	1,012,165	3,605,809	3,765,223
TAXES RECEIVABLE - MAY 31, 2026		$ 37,523		$ 133,778
TAXES RECEIVABLE BY YEAR:				
2025		$ 19,120		$ 71,147
2024		4,638		17,257
2023		8,067		30,017
2022		1,960		6,193
2021 and prior		3,738		9,164
TOTAL		$ 37,523		$ 133,778

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 84,079,526	$ 81,539,071	$ 72,762,820	$ 35,509,320
Improvements	399,625,035	366,027,781	296,543,600	292,182,850
Personal Property	4,712,726	8,038,051	5,407,693	5,869,392
Exemptions	(28,797,879)	(43,136,858)	(40,771,568)	(47,967,938)
TOTAL PROPERTY VALUATIONS	$ 459,619,408	$ 412,468,045	$ 333,942,545	$ 285,593,624
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.800	$ 0.800	$ 0.800	$ 0.79
Maintenance	0.215	0.215	0.215	0.25
TOTAL TAX RATES PER $100 VALUATION	$ 1.015	$ 1.015	$ 1.015	$ 1.04
ADJUSTED TAX LEVY*	$ 4,665,137	$ 4,186,551	$ 3,359,066	$ 2,970,174
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.07 %	99.48 %	98.87 %	99.73 %

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

Maintenance Tax – Maximum tax rate in an unlimited amount per $100 of assessed valuation approved by voters on September 10, 2005.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2015		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$	$ 60,800	$ 60,800
2028		60,800	60,800
2029		60,800	60,800
2030		60,800	60,800
2031		60,800	60,800
2032		60,800	60,800
2033		60,800	60,800
2034	140,000	58,000	198,000
2035	140,000	52,400	192,400
2036	140,000	46,800	186,800
2037	275,000	38,500	313,500
2038	275,000	27,500	302,500
2039	275,000	16,500	291,500
2040	275,000	5,500	280,500
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
	$ 1,520,000	$ 670,800	$ 2,190,800

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2016		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 100,000	$ 80,150	$ 180,150
2028	100,000	76,700	176,700
2029	100,000	73,200	173,200
2030	100,000	69,575	169,575
2031	100,000	65,825	165,825
2032	100,000	61,950	161,950
2033	100,000	57,950	157,950
2034	150,000	52,950	202,950
2035	150,000	46,875	196,875
2036	150,000	40,725	190,725
2037	150,000	34,575	184,575
2038	150,000	28,350	178,350
2039	150,000	22,050	172,050
2040	150,000	15,750	165,750
2041	150,000	9,450	159,450
2042	150,000	3,150	153,150
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
	$ 2,050,000	$ 739,225	$ 2,789,225

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2017 REFUNDING		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 250,000	$ 78,975	$ 328,975
2028	260,000	70,650	330,650
2029	265,000	60,150	325,150
2030	275,000	49,350	324,350
2031	290,000	38,050	328,050
2032	300,000	27,563	327,563
2033	310,000	17,838	327,838
2034	130,000	10,688	140,688
2035	125,000	6,388	131,388
2036	120,000	2,100	122,100
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
	$ 2,325,000	$ 361,752	$ 2,686,752

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2018		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 110,000	$ 123,387	$ 233,387
2028	115,000	120,013	235,013
2029	120,000	116,488	236,488
2030	125,000	112,813	237,813
2031	130,000	108,825	238,825
2032	135,000	104,434	239,434
2033	140,000	99,706	239,706
2034	145,000	94,719	239,719
2035	150,000	89,463	239,463
2036	155,000	83,935	238,935
2037	160,000	78,126	238,126
2038	165,000	72,032	237,032
2039	170,000	65,750	235,750
2040	175,000	59,281	234,281
2041	350,000	49,000	399,000
2042	350,000	35,000	385,000
2043	350,000	21,000	371,000
2044	350,000	7,000	357,000
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
	$ 3,395,000	$ 1,440,972	$ 4,835,972

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2019		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 55,000	$ 82,275	$ 137,275
2028	55,000	80,625	135,625
2029	60,000	78,900	138,900
2030	60,000	77,100	137,100
2031	65,000	75,225	140,225
2032	70,000	73,200	143,200
2033	70,000	71,100	141,100
2034	75,000	68,925	143,925
2035	80,000	66,600	146,600
2036	80,000	64,200	144,200
2037	85,000	61,725	146,725
2038	90,000	59,100	149,100
2039	95,000	56,325	151,325
2040	100,000	53,400	153,400
2041	225,000	48,525	273,525
2042	250,000	41,275	291,275
2043	400,000	31,200	431,200
2044	400,000	18,750	418,750
2045	400,000	6,250	406,250
2046			
2047			
2048			
2049			
2050			
2051			
2052			
	$ 2,715,000	$ 1,114,700	$ 3,829,700

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2020		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 100,000	$ 84,875	$ 184,875
2028	100,000	82,625	182,625
2029	100,000	80,375	180,375
2030	100,000	78,125	178,125
2031	100,000	75,875	175,875
2032	100,000	73,625	173,625
2033	100,000	71,375	171,375
2034	100,000	69,125	169,125
2035	100,000	66,875	166,875
2036	100,000	64,625	164,625
2037	100,000	62,375	162,375
2038	100,000	60,125	160,125
2039	100,000	57,875	157,875
2040	100,000	55,625	155,625
2041	100,000	53,375	153,375
2042	100,000	51,063	151,063
2043	100,000	48,687	148,687
2044	100,000	46,313	146,313
2045	400,000	40,376	440,376
2046	750,000	26,718	776,718
2047	750,000	8,906	758,906
2048			
2049			
2050			
2051			
2052			
	$ 3,700,000	$ 1,258,938	$ 4,958,938

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2021		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 150,000	$ 74,969	$ 224,969
2028	150,000	71,969	221,969
2029	150,000	68,969	218,969
2030	150,000	65,969	215,969
2031	150,000	62,968	212,968
2032	150,000	59,968	209,968
2033	150,000	56,968	206,968
2034	150,000	53,968	203,968
2035	150,000	50,875	200,875
2036	150,000	47,687	197,687
2037	150,000	44,500	194,500
2038	150,000	41,312	191,312
2039	150,000	38,125	188,125
2040	175,000	34,672	209,672
2041	175,000	30,844	205,844
2042	175,000	26,907	201,907
2043	175,000	22,860	197,860
2044	175,000	18,704	193,704
2045	175,000	14,547	189,547
2046	175,000	10,390	185,390
2047	175,000	6,234	181,234
2048	175,000	2,078	177,078
2049			
2050			
2051			
2052			
	$ 3,525,000	$ 905,483	$ 4,430,483

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2022		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 170,000	$ 337,494	$ 507,494
2028	180,000	326,994	506,994
2029	190,000	315,894	505,894
2030	195,000	306,050	501,050
2031	205,000	297,422	502,422
2032	215,000	288,100	503,100
2033	225,000	278,200	503,200
2034	235,000	267,850	502,850
2035	250,000	256,781	506,781
2036	260,000	244,500	504,500
2037	275,000	231,125	506,125
2038	285,000	217,125	502,125
2039	300,000	202,500	502,500
2040	315,000	187,125	502,125
2041	330,000	171,000	501,000
2042	345,000	154,125	499,125
2043	360,000	136,500	496,500
2044	375,000	118,125	493,125
2045	395,000	98,875	493,875
2046	415,000	78,625	493,625
2047	435,000	57,375	492,375
2048	455,000	35,125	490,125
2049	475,000	11,875	486,875
2050			
2051			
2052			
	$ 6,885,000	$ 4,618,785	$ 11,503,785

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2023		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 300,000	$ 511,688	$ 811,688
2028	310,000	491,100	801,100
2029	320,000	469,837	789,837
2030	330,000	447,900	777,900
2031	330,000	429,750	759,750
2032	340,000	415,512	755,512
2033	350,000	400,850	750,850
2034	360,000	385,538	745,538
2035	370,000	369,568	739,568
2036	380,000	352,925	732,925
2037	390,000	335,600	725,600
2038	400,000	317,825	717,825
2039	410,000	299,600	709,600
2040	420,000	280,663	700,663
2041	440,000	260,775	700,775
2042	460,000	239,675	699,675
2043	500,000	216,875	716,875
2044	520,000	192,000	712,000
2045	540,000	165,500	705,500
2046	560,000	138,000	698,000
2047	580,000	109,500	689,500
2048	600,000	80,000	680,000
2049	640,000	49,000	689,000
2050	660,000	16,500	676,500
2051			
2052			
	$ 10,510,000	$ 6,976,181	$ 17,486,181

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2024		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 250,000	$ 370,100	$ 620,100
2028	250,000	357,600	607,600
2029	250,000	345,100	595,100
2030	250,000	332,600	582,600
2031	260,000	319,850	579,850
2032	280,000	307,750	587,750
2033	290,000	296,350	586,350
2034	300,000	286,050	586,050
2035	310,000	276,900	586,900
2036	325,000	267,375	592,375
2037	340,000	257,400	597,400
2038	350,000	247,050	597,050
2039	365,000	234,500	599,500
2040	380,000	219,600	599,600
2041	400,000	204,000	604,000
2042	410,000	187,800	597,800
2043	430,000	171,000	601,000
2044	445,000	153,500	598,500
2045	460,000	135,400	595,400
2046	480,000	116,600	596,600
2047	500,000	97,000	597,000
2048	520,000	76,600	596,600
2049	530,000	55,600	585,600
2050	550,000	34,000	584,000
2051	575,000	11,500	586,500
2052			
	$ 9,500,000	$ 5,361,225	$ 14,861,225

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

	SERIES-2025		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$	$ 409,725	$ 409,725
2028	400,000	396,725	796,725
2029	400,000	370,725	770,725
2030	400,000	344,725	744,725
2031	365,000	319,863	684,863
2032	350,000	296,625	646,625
2033	350,000	276,500	626,500
2034	350,000	260,750	610,750
2035	350,000	246,750	596,750
2036	350,000	232,750	582,750
2037	350,000	218,750	568,750
2038	350,000	204,750	554,750
2039	350,000	190,750	540,750
2040	350,000	176,750	526,750
2041	350,000	162,750	512,750
2042	350,000	148,750	498,750
2043	350,000	134,750	484,750
2044	350,000	120,750	470,750
2045	350,000	106,750	456,750
2046	350,000	92,750	442,750
2047	350,000	78,750	428,750
2048	350,000	64,750	414,750
2049	350,000	50,531	400,531
2050	350,000	36,094	386,094
2051	350,000	21,656	371,656
2052	350,000	7,219	357,219
	$ 8,915,000	$ 4,971,638	$ 13,886,638

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

Due During Fiscal Years Ending May 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 1,485,000	$ 2,214,438	$ 3,699,438
2028	1,920,000	2,135,801	4,055,801
2029	1,955,000	2,040,438	3,995,438
2030	1,985,000	1,945,007	3,930,007
2031	1,995,000	1,854,453	3,849,453
2032	2,040,000	1,769,527	3,809,527
2033	2,085,000	1,687,637	3,772,637
2034	2,135,000	1,608,563	3,743,563
2035	2,175,000	1,529,475	3,704,475
2036	2,210,000	1,447,622	3,657,622
2037	2,275,000	1,362,676	3,637,676
2038	2,315,000	1,275,169	3,590,169
2039	2,365,000	1,183,975	3,548,975
2040	2,440,000	1,088,366	3,528,366
2041	2,520,000	989,719	3,509,719
2042	2,590,000	887,745	3,477,745
2043	2,665,000	782,872	3,447,872
2044	2,715,000	675,142	3,390,142
2045	2,720,000	567,698	3,287,698
2046	2,730,000	463,083	3,193,083
2047	2,790,000	357,765	3,147,765
2048	2,100,000	258,553	2,358,553
2049	1,995,000	167,006	2,162,006
2050	1,560,000	86,594	1,646,594
2051	925,000	33,156	958,156
2052	350,000	7,219	357,219
	$ 55,040,000	$ 28,419,699	$ 83,459,699

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2026

Description	Original Bonds Issued	Bonds Outstanding June 1, 2025
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2015	$ 1,520,000	$ 1,520,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2016	2,910,000	2,150,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Refunding Bonds - Series 2017	3,735,000	2,570,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2018	4,025,000	3,500,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2019	2,985,000	2,765,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2020	4,200,000	3,800,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2021	4,125,000	3,675,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2022	7,205,000	7,050,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2023	11,080,000	10,800,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2024	9,500,000	9,500,000
Montgomery County Municipal Utility District No. 99 Unlimited Tax Bonds - Series 2025	8,915,000	
TOTAL	$ 60,200,000	$ 47,330,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding May 31, 2026	
Bonds Sold	Principal	Interest		Paying Agent
	$	$ 60,800	$ 1,520,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	100,000	83,500	2,050,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	245,000	84,856	2,325,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	105,000	126,612	3,395,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	50,000	83,850	2,715,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	100,000	88,375	3,700,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	150,000	77,969	3,525,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	165,000	347,544	6,885,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	290,000	531,600	10,510,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		376,350	9,500,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
8,915,000		137,713	8,915,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 8,915,000	$ 1,205,000	$ 1,999,169	$ 55,040,000	

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2026

Bond Authority:	Tax Bonds*
Amount Authorized by Voters	$ 80,000,000
Amount Issued	61,405,000
Remaining to be Issued	$ 18,595,000
Debt Service Fund cash and investment balances as of May 31, 2026:	$ 5,058,352
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,209,988

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 1,012,165	$ 886,560	$ 714,850
Water Service	386,502	341,947	312,076
Wastewater Service	609,377	540,967	482,856
Conservation District/Water Authority Fees	528,996	469,240	490,248
Penalty and Interest	15,861	15,669	14,491
Tap Connection and Inspection Fees	149,115	186,029	192,348
Sale of Capacity	274,112		
Investment Revenues	142,166	147,613	134,091
Miscellaneous Revenues	21,041	33,250	35,733
TOTAL REVENUES	$ 3,139,335	$ 2,621,275	$ 2,376,693
EXPENDITURES			
Professional Fees	$ 209,168	$ 172,234	$ 169,511
Contracted Services	704,501	706,259	523,798
Purchased Water Service	852,486	438,063	386,906
Purchased Wastewater Service	271,450	317,262	391,807
Utilities	835	264	261
Repairs and Maintenance	278,487	201,548	290,149
Other	418,340	242,290	203,795
Capital Outlay	27,141		
TOTAL EXPENDITURES	$ 2,762,408	$ 2,077,920	$ 1,966,227
EXCESS OF REVENUES OVER EXPENDITURES	$ 376,927	$ 543,355	$ 410,466
OTHER FINANCING SOURCES			
Developer Advances	$ - 0 -	$ - 0 -	$ - 0 -
Transfers Out	218,567		217,995
TOTAL OTHER FINANCING SOURCES	$ 218,567	$ - 0 -	$ 217,995
NET CHANGE IN FUND BALANCE	$ 595,494	$ 543,355	$ 628,461
BEGINNING FUND BALANCE	3,862,751	3,319,396	2,690,935
ENDING FUND BALANCE	$ 4,458,245	$ 3,862,751	$ 3,319,396

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 711,990	$ 600,777	32.3 %	33.9 %	30.2 %	35.2 %	36.4 %
283,565	233,777	12.3	13.0	13.1	14.0	14.2
434,278	368,097	19.4	20.6	20.3	21.4	22.3
393,309	300,893	16.9	17.9	20.6	19.4	18.2
10,334	9,637	0.5	0.6	0.6	0.5	0.6
101,900	124,455	4.7	7.1	8.1	5.0	7.5
		8.7				
74,120	1,918	4.5	5.6	5.6	3.7	0.1
16,252	11,840	0.7	1.3	1.5	0.8	0.7
$ 2,025,748	$ 1,651,394	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 210,795	$ 152,753	6.7 %	6.6 %	7.1 %	10.4 %	9.3 %
459,124	414,607	22.4	27.0	22.0	22.7	25.1
303,994	246,209	27.2	16.7	16.3	15.0	14.9
253,824	178,404	8.6	12.1	16.5	12.5	10.8
	212					
177,516	140,871	8.9	7.7	12.2	8.8	8.5
162,005	178,181	13.3	9.2	8.6	8.0	10.8
		0.9				
$ 1,567,258	$ 1,311,237	88.0 %	79.3 %	82.7 %	77.4 %	79.4 %
$ 458,490	$ 340,157	12.0 %	20.7 %	17.3 %	22.6 %	20.6 %
$ 30,000	$ - 0 -					
$ 30,000	$ - 0 -					
$ 488,490	$ 340,157					
2,202,445	1,862,288					
$ 2,690,935	$ 2,202,445					

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 3,765,223	$ 3,298,336	$ 2,652,473
Penalty and Interest	38,204	19,619	26,078
Investment Revenues	145,449	154,417	147,728
Miscellaneous Revenues	4		
TOTAL REVENUES	$ 3,948,880	$ 3,472,372	$ 2,826,279
EXPENDITURES			
Tax Collection Expenditures	$ 84,172	$ 73,704	$ 58,387
Debt Service Principal	1,205,000	1,175,000	725,000
Debt Service Interest and Fees	2,008,919	1,669,221	1,206,262
TOTAL EXPENDITURES	$ 3,298,091	$ 2,917,925	$ 1,989,649
EXCESS OF REVENUES OVER EXPENDITURES	$ 650,789	$ 554,447	$ 836,630
OTHER FINANCING SOURCES			
Long-Term Debt Issued	$ - 0 -	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 650,789	$ 554,447	$ 836,630
BEGINNING FUND BALANCE	4,385,418	3,830,971	2,994,341
ENDING FUND BALANCE	$ 5,036,207	$ 4,385,418	$ 3,830,971
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,414	1,265	1,178
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,380	1,242	1,155

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 2,245,060	$ 1,516,423	95.3 %	95.0 %	93.9 %	96.4 %	98.2 %
11,388	18,197	1.0	0.6	0.9	0.5	1.2
71,992	2,151	3.7	4.4	5.2	3.1	0.1
	7,229					
$ 2,328,440	$ 1,544,000	100.0 %	100.0 %	100.0 %	100.0 %	99.5 %
$ 47,785	$ 43,953	2.1 %	2.1 %	2.1 %	2.2 %	2.7 %
720,000	555,000	30.5	33.8	25.7	30.9	35.9
771,028	670,153	50.9	48.1	42.7	33.1	43.4
$ 1,538,813	$ 1,269,106	83.5 %	84.0 %	70.5 %	66.2 %	82.0 %
$ 789,627	$ 274,894	16.5 %	16.0 %	29.5 %	33.8 %	17.5 %
$ 171,119	$ 44,234					
$ 960,746	$ 319,128					
2,033,595	1,714,467					
$ 2,994,341	$ 2,033,595					
1,042	927					
1,025	906					

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2026

District Mailing Address - Montgomery County Municipal Utility District No. 99
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2026	Expense reimbursements for the year ended May 31, 2026	Title
Michael Winner	05/22 - 05/26 (Elected)	$ 4,199	$ 1,842	President
Paul Wood	05/22 - 05/26 (Elected)	$ 2,210	$ 156	Vice President
Debra Revels-Stoots	05/22 - 05/26 (Elected)	$ 2,652	$ 170	Secretary
Chris Weatherly	12/25- 05/28 (Appointed)	$ 442	$ 57	Assistant Secretary
Brice Stanford	01/26- 05/28 (Appointed)	$ 884	$ -0-	Director
Rudolph C. Barajas	05/24- 01/26 (Elected)	$ -0-	$ -0-	Former Director
Caleb Saucedo	05/24- 12/25 (Elected)	$ 1,105	$ 196	Former Director

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

The submission date of the most recent District Registration Form: April 23, 2026

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on July 25, 2023. Fees of Office are the amounts actually paid to a Director during the District's fiscal year.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 99
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2026

Consultants:	Date Hired	District Fees for the year ended May 31, 2026	Water Plant and Wastewater Treatment Plant Fees for the year ended May 31, 2026	Title
Smith, Murdaugh, Little & Bonham, L.L.P.	06/27/05 01/22/13	$ 80,835 $ 185,293 $ 12,997	$ 6,964 $ -0- $ -0-	Attorney/ Bond Counsel/ Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	06/24/08	$ 16,250 $ 18,500	$ 11,000 $ -0-	Auditor/ Bond Related
Myrtle Cruz, Inc.	07/25/05	$ 22,538 $ 3,000	$ 16,244 $ -0-	Bookkeeper/ Bond Related
IDS Engineering Group	06/27/05	$ 535,582 $ 75,547	$ 130,884 $ -0-	Engineer/ Bond Related
Masterson Advisors LLC	04/24/18	$ 136,289	$ -0-	Financial Advisor
Mary Jarmon	05/23/23	$ -0-	$ -0-	Investment Officer
Municipal Operations & Consulting	07/25/05	$ 424,302	$ 228,842	Operator
Equi-Tax, Inc.	07/25/05	$ 25,593	$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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

SPECIMEN

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

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

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)

SPECIMEN