**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 128A**

**(Montgomery County, Texas)**

**PRELIMINARY OFFICIAL STATEMENT**

**DATED: SEPTEMBER 23, 2026**

**$1,100,000**

**UNLIMITED TAX PARK BONDS**

**SERIES 2026**

**BIDS TO BE SUBMITTED BY: 9:30 A.M., CENTRAL TIME**
**WEDNESDAY, OCTOBER 28, 2026**

**BIDS TO BE AWARDED BY: 12:00 P.M., CENTRAL TIME**
**WEDNESDAY, OCTOBER 28, 2026**

CEDAR CREEK
MUNICIPAL ADVISORS

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

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 23, 2026**

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

**IN THE OPINION OF BOND COUNSEL (HEREINAFTER DEFINED), THE BONDS ARE VALID OBLIGATIONS OF MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 128A, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.**

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

NEW ISSUE – Book Entry Only | Moody's Investors Service, Inc. (Underlying)... "Baa2"

**$1,100,000**

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 128A**

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

**UNLIMITED TAX PARK BONDS**

**SERIES 2026**

Dated: December 1, 2026
Interest accrues from: Date of Delivery | Due: September 1, as shown on inside cover

The $1,100,000 Unlimited Tax Park Bonds, Series 2026 (the "Bonds"), are obligations of Montgomery County Municipal Utility District No. 128A (the "District") and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable at maturity or earlier redemption by the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (the "Date of Delivery," expected on or about December 3, 2026), and is payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the Date of Delivery, and, thereafter, from the most recent Interest Payment Date. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof. See "THE BONDS" herein.

The Bonds will be registered and delivered only 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 (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. 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. See "BOOK-ENTRY-ONLY SYSTEM."

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

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. See "THE BONDS – Source and Security for Payment."

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

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about December 3, 2026.

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

### $1,100,000 UNLIMITED TAX PARK BONDS, SERIES 2026

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (a) | CUSIP No. _____ (b) | Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (a) | CUSIP No. _____ (b) |
|---|---|---|---|---|---|---|---|---|---|
| 2027 | $ 35,000 | ____% | ____% | ____ | 2040 (c) | $ 40,000 | ____% | ____% | ____ |
| 2028 | 20,000 | ____% | ____% | ____ | 2041 (c) | 40,000 | ____% | ____% | ____ |
| 2029 | 25,000 | ____% | ____% | ____ | 2042 (c) | 45,000 | ____% | ____% | ____ |
| 2030 | 25,000 | ____% | ____% | ____ | 2043 (c) | 45,000 | ____% | ____% | ____ |
| 2031 | 25,000 | ____% | ____% | ____ | 2044 (c) | 50,000 | ____% | ____% | ____ |
| 2032 (c) | 25,000 | ____% | ____% | ____ | 2045 (c) | 50,000 | ____% | ____% | ____ |
| 2033 (c) | 30,000 | ____% | ____% | ____ | 2046 (c) | 55,000 | ____% | ____% | ____ |
| 2034 (c) | 30,000 | ____% | ____% | ____ | 2047 (c) | 55,000 | ____% | ____% | ____ |
| 2035 (c) | 30,000 | ____% | ____% | ____ | 2048 (c) | 60,000 | ____% | ____% | ____ |
| 2036 (c) | 30,000 | ____% | ____% | ____ | 2049 (c) | 65,000 | ____% | ____% | ____ |
| 2037 (c) | 35,000 | ____% | ____% | ____ | 2050 (c) | 65,000 | ____% | ____% | ____ |
| 2038 (c) | 35,000 | ____% | ____% | ____ | 2051 (c) | 70,000 | ____% | ____% | ____ |
| 2039 (c) | 40,000 | ____% | ____% | ____ | 2052 (c) | 75,000 | ____% | ____% | ____ |

(a) The initial reoffering yields on the Bonds are established by, and are the sole responsibility of, the Initial Purchaser (hereinafter defined) and may subsequently be changed.

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

(c) The Bonds maturing on and after September 1, 2032, 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, 2031, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions."

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

All of the summaries of the statutes, 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 the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056 upon payment of the costs for duplication thereof.

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

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

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APPENDIX A Financial Statements of the District

## SALE AND DISTRIBUTION OF THE BONDS

### Award and Marketing of the Bonds

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

### Prices and Marketability

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

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the Date of Delivery (hereinafter defined) stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of Initial Purchaser or wholesaler. Other than as set forth in the Official Notice of Sale, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

### Securities Laws

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

## MUNICIPAL BOND RATING

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "Baa2" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the rating of Moody's.

## MUNICIPAL BOND INSURANCE

The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance and the payment of all costs associated with the insurance, if available, including the premium charged by the insurance company, and fees charged by rating companies, other than Moody's, will be at the option and expense of the Initial Purchaser.

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

## OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

### THE BONDS

| | |
|---|---|
| The District | Montgomery County Municipal Utility District No. 128A (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT." |
| The Bonds | The District is issuing $1,100,000 Unlimited Tax Park Bonds, Series 2026 (the "Bonds"). The Bonds are dated December 1, 2026, and mature on September 1 in the years and in the amounts set forth on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (the "Date of Delivery," expected on or about December 3, 2026), and is payable on March 1 and September 1 of each year (each an "Interest Payment Date"), commencing March 1, 2027, until the earlier of maturity or redemption. "THE BONDS." |
| Redemption | The Bonds that mature on and after September 1, 2032, 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, 2031, or on any date thereafter, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS – Redemption Provisions." |
| Book-Entry-Only System | The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) 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." |
| Source of Payment | Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any entity other than the District. See "THE BONDS – Source and Security for Payment." |
| Authority for Issuance | At an election held within the District on May 6, 2017, voters of the District authorized the District's issuance of a total of $56,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities in the District (the "Park System"), $42,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system serving the District (the "Road System"), and $132,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, sanitary sewer and storm drainage system serving the District (the "Utility System"). |

The Bonds represent the second series of bonds to be issued for the purpose of acquiring or constructing the Park System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $44,800,000 for the Park System, $18,845,000 for the Road System, and $85,560,000 for the Utility System.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order (hereinafter defined); Article XVI, Section 59 of the Texas Constitution; Chapter 8355 of the Special District Local Law Code, and the general laws of the state of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; an order of the Texas Commission on Environmental Quality (the "TCEQ"); and the election held within the District as described above. See "THE BONDS – Authority for Issuance."

Outstanding Bonds ..... The District has previously issued one series of unlimited tax bonds for the purpose of acquiring or constructing the Park System, and, as of the Date of Delivery, $9,880,000 principal amount of such previously issued bonds for the Park System will remain outstanding (the "Outstanding Park System Bonds"). The District has previously issued five series of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and, as of the Date of Delivery, $21,570,000 principal amount of such previously issued bonds for the Road System will remain outstanding (the "Outstanding Road System Bonds"). The District has previously issued six series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and, as of the Date of Delivery, $43,155,000 principal amount of such previously issued bonds for the Utility System will remain outstanding (the "Outstanding Utility System Bonds"). The Outstanding Park System Bonds, the Outstanding Road System Bonds, and the Outstanding Utility System Bonds, with a combined total principal amount of $74,605,000 outstanding as of the Date of Delivery, are collectively referred to herein as the "Outstanding Bonds." See "THE BONDS – Outstanding Bonds."

Payment Record..... The District has never defaulted on the timely payment of debt service due on its prior bonded indebtedness.

Use of Proceeds ..... Proceeds from the sale of the Bonds will be used by the District to reimburse the Developer (hereinafter defined) for certain expenditures related to constructing the Park System as set forth under "USE AND DISTRIBUTION OF BOND PROCEEDS." Additionally, proceeds from the sale of the Bonds will be used to pay developer interest and other costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Qualified Tax-Exempt Obligations ..... The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS – Qualified Tax-Exempt Obligations."

Municipal Bond Insurance ..... The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance and the payment of all costs associated with the insurance, if available, including the premium charged by the

insurance company, and fees charged by rating companies, other than Moody's Ratings ("Moody's") will be at the option and expense of the Initial Purchaser. See "MUNICIPAL BOND INSURANCE."

Municipal Bond Rating..... Moody's has assigned an underlying credit rating of "Baa2" to the Bonds. See "MUNICIPAL BOND RATING."

Bond Counsel ..... Schwartz, Page & Harding, L.L.P., Houston, Texas.

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

Financial Advisor..... Cedar Creek Municipal Advisors, LLC, Houston, Texas.

Paying Agent/Registrar..... Zions Bancorporation, National Association, Houston, Texas.

**THE DISTRICT**

Description..... Montgomery County Municipal Utility District No. 128 ("MUD 128") was created by Senate Bill 2504, as passed by the 81st Legislature, Regular Session, 2009, codified at Chapter 8355 of the Texas Special District Local Laws Code, in accordance with Article XVI, Section 59 of the Texas Constitution and for the purposes of Article III, Section 52 of the Texas Constitution. Pursuant to Section 8355.105 of the Texas Special District Local Laws Code, on February 15, 2017, the Board of Directors of MUD 128 adopted an order dividing MUD 128 into two distinct districts, the District and Montgomery County Municipal Utility District No. 128B, and thereby created the District. The creation of the District was confirmed at an election held within the District on May 6, 2017. The District encompasses approximately 959.67 total acres and is situated entirely within Montgomery County, Texas, entirely within the corporate limits of the City of Conroe, Texas (the "City"), and entirely within Willis Independent School District. The District is located approximately 8 miles north of the central portion of the City and approximately 1 mile west of the intersection of Interstate Highway 45 and Farm to Market Road 830. See "THE DISTRICT."

Authority..... The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas, the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8355 of the Texas Special District Local Laws Code. See "THE DISTRICT – General."

The Developer..... HF Holding Company, LLC, a Delaware limited liability company (the "Developer"), is the developer of land in the District. The Developer is a subsidiary of Howard Hughes Holdings, Inc. a Delaware corporation. Howard Hughes Holdings, Inc. is a public company whose stock is traded on the New York Stock Exchange under the symbol HHH. See "THE DEVELOPER."

Status of Development..... The District is being developed as the master-planned residential community known as The Woodlands Hills. To date, approximately 1,668 single-family lots have been developed within the following thirty-six (36) single-family residential subdivisions: TWDC-HHC, Sections 1–5; The Woodlands Hills, Sections 1–12; The Woodlands Hills, Section 12A; The Woodlands Hills, Sections 13–27; and The Woodlands Hills, Sections 29, 34, and 42.

As of September 1, 2026, development within the District consisted of approximately 1,474 completed homes (approximately 1,434 occupied, 28 unoccupied, and 12 model homes), approximately 43 homes under construction, and approximately 151 vacant, developed lots. The subdivisions referenced above encompass approximately 596.80 total acres, inclusive of lands for parks, open spaces, reserves, and road rights-of-way. The remainder of the land within the District consists of approximately 17.55 acres for Village Park, a recreation center in the District, approximately 31.06 acres for roadways, approximately 132.18 undevelopable acres, and approximately 182.16 acres that are available for additional development. See "STATUS OF DEVELOPMENT."

Homebuilders Within the District..... Homebuilders active within the District include DBR Homes, Century Communities, Chesmar Homes, David Weekley Homes, Perry Homes, Ravenna Homes, J. Patrick Homes, and Westin Homes. New homes being constructed in the District range in price from approximately $285,000 to approximately $910,000 and in size from approximately 1,622 to 4,891 square feet. See "STATUS OF DEVELOPMENT – Homebuilders Active within the District."

**INVESTMENT CONSIDERATIONS**

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

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

## SELECTED FINANCIAL INFORMATION
## (UNAUDITED)

| | | |
|---|---|---|
| 2026 Taxable Assessed Valuation | $ 564,675,571 | (a) |
| Estimated Valuation as of July 15, 2026 | $ 585,013,429 | (b) |
| Direct Debt | | |
| The Outstanding Bonds | $ 74,605,000 | |
| The Bonds | 1,100,000 | |
| Total | $ 75,705,000 | |
| Estimated Overlapping Debt | $ 54,130,221 | (c) |
| Total Direct and Estimated Overlapping Debt | $ 129,835,221 | (c) |
| Direct Debt Ratio: | | |
| As a Percentage of 2026 Taxable Assessed Valuation | 13.41 % | |
| As a Percentage of Estimated Valuation as of July 15, 2026 | 12.94 % | |
| Direct and Estimated Overlapping Debt Ratio: | | |
| As a Percentage of 2026 Taxable Assessed Valuation | 22.99 % | |
| As a Percentage of Estimated Valuation as of July 15, 2026 | 22.19 % | |
| Debt Service Funds Available for Utility and Park System Bonds (as of September 23, 2026) | $ 2,325,237 | (d) |
| Debt Service Funds Available for Road System Bonds (as of September 23, 2026) | $ 1,004,409 | (d) |
| Operating Fund Balance (as of September 23, 2026) | $ 2,043,283 | |
| Capital Projects Fund Balance (as of September 23, 2026) | $ 816,433 | |
| 2026 Tax Rate | | |
| Utility and Park Debt Service | $ 0.67 | |
| Road Debt Service | 0.27 | |
| Maintenance and Operations | 0.09 | |
| Total | $ 1.03 | |
| Estimated Average Annual Debt Service Requirement (2027–2052) | $ 4,517,273 | (e) |
| Estimated Maximum Annual Debt Service Requirement (2045) | $ 5,423,325 | (e) |
| Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service (2027–2052) at 95% Tax Collections | | |
| Based on 2026 Taxable Assessed Valuation | $ 0.85 | |
| Based on Estimated Valuation as of July 15, 2026 | $ 0.82 | |
| Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement (2045) at 95% Tax Collections | | |
| Based on 2026 Taxable Assessed Valuation | $ 1.02 | |
| Based on Estimated Valuation as of July 15, 2026 | $ 0.98 | |

(a) Represents the taxable assessed valuation of all taxable property in the District as of January 1, 2026, as provided by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of July 15, 2026, and includes an estimate of taxable value resulting from the construction of taxable improvements from January 1, 2026, through July 15, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Although the Outstanding Utility System Bonds (defined above), the Outstanding Road System Bonds (defined above), the Outstanding Park System Bonds (defined above), and the Bonds have been and are being issued on a parity basis and are payable from an unlimited tax pledge, portions of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on bonds issued for the purpose of financing the Utility System or to refund such bonds ("Utility System Bonds"), the Park System or to refund such bonds ("Park System Bonds"), and bonds issued for the purpose of financing the Road System or to refund such bonds ("Road System Bonds").

(e) Requirement of debt service on the Outstanding Bonds (defined above) and the Bonds based on an estimated interest rate of 5.25%. See "DISTRICT DEBT – Debt Service Requirements."

**OFFICIAL STATEMENT**
**relating to**
**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 128A**

**$1,100,000**
**UNLIMITED TAX PARK BONDS**
**SERIES 2026**

## INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 128A (the "District") of its $1,100,000 Unlimited Tax Park Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) the bond order authorizing the issuance of the Bonds adopted by the Board of Directors of the District on the date of the sale of the Bonds (the "Bond Order"), (ii) Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iii) Chapter 8355 of the Texas Special District Local Laws Code, (iv) an election held within the District on May 6, 2017, and (v) an order issued by the Texas Commission on Environmental Quality ("TCEQ").

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order. This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

## THE BONDS

### General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

### Description

The Bonds will be dated December 1, 2026, with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the initial date of delivery of the Bonds to the Initial Purchaser (hereinafter defined) (the "Date of Delivery"), which is expected to be on or about December 3, 2026, and thereafter from the most recent Interest Payment Date. The Bonds mature on September 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein. No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

### Authority for Issuance

At an election held within the District on May 6, 2017, voters of the District authorized a total of $56,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System"). After the issuance of the Bonds, a total of $44,800,000 in principal amount of unlimited tax bonds for the Park System will remain authorized but unissued.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapter 8355 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; an order of the TCEQ; and the election held within the District as described above.

At the above-described election, voters in the District also authorized the District's issuance of a total of $132,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, sanitary sewer, and storm drainage system to serve the District (the "Utility System") and $42,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system service the District (the "Road System"). To date, the District has issued $46,440,000 in principal amount of unlimited tax bonds from such voted authorization for the purpose of acquiring or constructing the Utility System and $23,155,000 in principal amount of unlimited tax bonds from such voted authorization for the purpose of acquiring or constructing the Road System. See "Financing Road Facilities," "Financing Recreational Facilities," "Outstanding Bonds," and "Issuance of Additional Debt" below.

**Source and Security for Payment**

The Bonds, together with the Outstanding Bonds (hereinafter defined) and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAXING PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS."

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

**Funds**

The Bond Order establishes or confirms the prior establishment of the District's Bond Fund pursuant to the orders of the District authorizing the issuance of the Outstanding Bonds, including the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance the Park System or to refund such bonds ("Park System Bonds") from funds received to pay debt service on bonds issued to finance the Utility System or to refund such bonds ("Utility System Bonds") and from funds received to pay debt service on bonds issued to finance the Road System ("Road System Bonds"). The Bond Order also confirms the District's Construction Fund, including the sub-accounts which are used to separate proceeds of Park System Bonds from proceeds of Utility System Bonds and Road System Bonds.

The proceeds from all taxes levied, appraised, and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, into the sub-account of the Bond Fund created in respect of the Park System Bonds as described hereinafter. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Bonds, and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District.

Funds in the sub-account of the Bond Fund created in respect of Park System Bonds (the "Bond Fund Park Bond Account") are to be used for payment of debt service on the Bonds, and any additional Park System Bonds hereafter issued and, payable in whole or part from taxes. Amounts on deposit in the sub-accounts of the Debt Service Fund created in respect of Park System Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar (hereinafter defined), to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, and any additional Park System Bonds hereafter issued and payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due to or become due on Park System Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Bond Fund, including funds in sub-accounts created in respect of Utility System Bonds and Road System Bonds, will not be allocated to the payment of the Bonds.

Funds in the sub-account of the Bond Fund created in respect of Utility System Bonds (the "Bond Fund Utility Bond Account") are to be used for payment of debt service on the Outstanding Utility System Bonds (defined hereafter), and any additional Utility System Bonds hereafter issued and payable in whole or part from taxes.

Amounts on deposit in the sub-account of the Bond Fund Utility Bond Account may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Utility System Bonds, and any additional Utility System Bonds hereafter issued and payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due to or become due on Utility System Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Bond Fund, including funds in sub-accounts created in respect to Road System Bonds and Park System Bonds, will not be allocated to the payment of Utility System Bonds.

Funds in the sub-account of the Bond Fund created in respect of Road System Bonds (the "Bond Fund Road Bond Account") are to be used for payment of debt service on the Outstanding Road System Bonds (defined hereafter), and any additional Road System Bonds hereafter issued and payable in whole or part from taxes. Amounts on deposit in the sub-account of the Bond Fund Road Bond Account may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Road System Bonds, and any additional Road System Bonds hereafter issued and payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due to or become due on Road System Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Bond Fund, including funds in sub-accounts created in respect to Utility System Bonds and Park System Bonds, will not be allocated to the payment of Road System Bonds.

**Record Date**

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

**Redemption Provisions**

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2031, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date. 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.

**Method of Payment of Principal and Interest**

The Board of Directors of the District has appointed Zions Bancorporation, National Association, Houston, Texas, as the initial Paying Agent/Registrar for the Bonds (the "Paying Agent/Registrar"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

**Registration**

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be

deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

**Replacement of Paying Agent/Registrar**

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

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

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

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

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

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

**Outstanding Bonds**

The District has previously issued five series of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and, as of the Date of Delivery, $21,570,000 principal amount of such previously issued bonds for the Road System will remain outstanding (the "Outstanding Road System Bonds"). The District has previously issued six series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and, as of the Date of Delivery, $43,155,000 principal amount of such previously issued bonds for the Utility System will remain outstanding (the "Outstanding Utility System Bonds"). The District has also previously issued one series of unlimited tax bonds for the purpose of acquiring or constructing the Park System, and, as of the Date of Delivery, $9,880,000 principal amount of such previously issued bonds for the Park System will remain outstanding (the "Outstanding Park System Bonds"). The Outstanding Road System Bonds, the Outstanding Utility System Bonds, and the Outstanding Park System Bonds, with a combined total principal amount of $74,605,000 outstanding as of the Date of Delivery, are collectively referred to herein as the "Outstanding Bonds."

**Issuance of Additional Debt**

Voters of the District authorized the District's issuance of a total of $56,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System; $42,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System; $132,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; and could authorize additional amounts. Following issuance of the Bonds, the District will have $44,800,000 of unlimited tax bonds authorized but unissued for the Park System; $18,845,000 of unlimited tax bonds authorized but unissued for the Road System; and $85,560,000 of unlimited tax bonds authorized but unissued for the Utility System.

Voters of the District have also authorized the District's issuance of the following: $188,000,000 principal amount of unlimited tax bonds for the refunding of bonds issued by the District for the Utility System or the Park System; and $42,000,000 principal amount of unlimited tax bonds for the refunding of bonds issued by the District for the Road System; and could authorize additional amounts. Issuance of additional bonds could dilute the investment security for the Bonds. See "Financing Road Facilities" and "Financing Recreational Facilities" below. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

**Financing Road Facilities**

Pursuant to the provisions of the Texas Constitution and Chapter 54 of the Texas Water Code, as amended, conservation and reclamation districts created pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District, and, at an election held within the District on May 6, 2017, voters of the District authorized a total of $42,000,000 principal amount of unlimited tax bonds for financing and constructing the Road System. The District has previously issued five (5) series of unlimited tax bonds for the Road System, and $18,845,000 principal amount of unlimited tax bonds for financing and constructing the Road System remains authorized but unissued.

**Financing Recreational Facilities**

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

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, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) 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. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District. At an election held within the District on May 6, 2017, voters of the District authorized a total of $56,000,000 in bonds for the purpose of acquiring or constructing the Park System and could authorize additional amounts. To date, the District has issued one series of bonds from such voted authorization. Following the issuance of the Bonds, $44,800,000 principal amount of unlimited tax bonds for financing and constructing the Park System will remain authorized but unissued.

**Abolishment**

Under Texas law, the District may be abolished and dissolved by the City without the District's consent. If the District is abolished, the City will assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days thereafter. Prior to abolishment and dissolution by the City, the District shall have the opportunity to discharge any obligations of the District by selling its bonds or by causing the City

to sell bonds of the City in an amount necessary to discharge such obligations. Abolishment of the District by the City is a policymaking matter within the discretion of the Mayor and the City Council of the City, and, therefore, the District makes no representation that abolishment will or will not occur. Moreover, no representation is made concerning the ability of the City to make debt service payments should abolishment occur. See "THE DISTRICT – Utility Agreement Between the District and the City of Conroe" for a discussion of certain limitations on the City's right to abolish the District.

**Consolidation**

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

**Remedies in Event of Default**

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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. Certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies and Bankruptcy."

**Defeasance**

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

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

## BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

**Use of Certain Terms in Other Sections of this Official Statement**

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

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## USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to reimburse the Developer (hereinafter defined) for expenditures associated with certain park improvements serving the District: The Woodlands Hills 3H2 Park Improvements, Park Signage, Nature Trails Sign, Phase IV Entries and Landscape, Section 12 Model Home Park Improvements, Section 14 Pathways and Retaining Walls, and Engineering Fees. In addition, proceeds from the sale of the Bonds will be used to pay developer interest and costs of issuance of the Bonds.

The construction costs below were compiled by the Engineer (hereinafter defined). Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

| | |
|---|---|
| **Construction Related Costs** | |
| Park Improvements | $ 1,383,141 |
| Less Use of Surplus Funds | $ (725,000) |
| Total Construction Related Costs | $ 658,141 |
| **Non-Construction Costs** | |
| Bond Discount (3.00%) | $ 33,000 |
| Developer Interest | 220,000 |
| Total Non-Construction Costs | $ 253,000 |
| **Issuance Costs and Fees** | |
| Issuance Costs and Professional Fees | $ 185,009 |
| State Regulatory Fees | 3,850 |
| Total Issuance Costs and Fees | $ 188,859 |
| **Total Bond Issue Requirement** | **$ 1,100,000** |

In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described improvements. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

## DISTRICT DEBT

### General

The following tables and calculations relate to the Bonds. The District and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property.

| | | |
|---|---|---|
| 2026 Taxable Assessed Valuation | $ 564,675,571 | (a) |
| Estimated Valuation as of July 15, 2026 | $ 585,013,429 | (b) |
| Direct Debt | | |
| The Outstanding Bonds | $ 74,605,000 | |
| The Bonds | 1,100,000 | |
| Total | $ 75,705,000 | |
| Estimated Overlapping Debt | $ 54,130,221 | (c) |
| Total Direct and Estimated Overlapping Debt | $ 129,835,221 | (c) |
| Direct Debt Ratio: | | |
| As a Percentage of 2026 Taxable Assessed Valuation | 13.41 % | |
| As a Percentage of Estimated Valuation as of July 15, 2026 | 12.94 % | |
| Direct and Estimated Overlapping Debt Ratio: | | |
| As a Percentage of 2026 Taxable Assessed Valuation | 22.99 % | |
| As a Percentage of Estimated Valuation as of July 15, 2026 | 22.19 % | |
| Debt Service Funds Available for Utility and Park System Bonds (as of September 23, 2026) | $ 2,325,237 | (d) |
| Debt Service Funds Available for Road System Bonds (as of September 23, 2026) | $ 1,004,409 | (d) |
| Operating Fund Balance (as of September 23, 2026) | $ 2,043,283 | |
| Capital Projects Fund Balance (as of September 23, 2026) | $ 816,433 | |

(a) Represents the taxable assessed valuation of all taxable property in the District as of January 1, 2026, as provided by the Montgomery Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of July 15, 2026, and includes an estimate of taxable value resulting from the construction of taxable improvements from January 1, 2026, through July 15, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Although the Outstanding Utility System Bonds, the Outstanding Road System Bonds, the Outstanding Park System Bonds, and the Bonds have been and are being issued on a parity basis and are payable from an unlimited tax pledge, portions of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on Utility System Bonds, the Park System Bonds, and Road System Bonds.

| | | | |
|---|---|---|---|
| 2026 Tax Rate | | | |
| Utility and Park Debt Service | $ | 0.67 | |
| Road Debt Service | | 0.27 | |
| Maintenance and Operations | | 0.09 | |
| Total | $ | 1.03 | |
| Estimated Average Annual Debt Service Requirement (2027–2052) | $ | 4,517,273 | (a) |
| Estimated Maximum Annual Debt Service Requirement (2045) | $ | 5,423,325 | (a) |
| Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Average Annual Debt Service (2027–2052) at 95% Tax Collections | | | |
| Based on 2026 Taxable Assessed Valuation | $ | 0.85 | |
| Based on Estimated Valuation as of July 15, 2026 | $ | 0.82 | |
| Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Estimated Maximum Annual Debt Service Requirement (2045) at 95% Tax Collections | | | |
| Based on 2026 Taxable Assessed Valuation | $ | 1.02 | |
| Based on Estimated Valuation as of July 15, 2026 | $ | 0.98 | |

(a) Requirement of debt service on the Outstanding Bonds and the Bonds based on an estimated interest rate of 5.25%.

**Direct and Estimated Overlapping Debt Statement**

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or *Texas Municipal Reports* prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

| Taxing Jurisdiction | Outstanding Debt August 31, 2026 | Overlapping Percent | Overlapping Amount |
|---|---|---|---|
| City of Conroe | $ 466,075,000 | 3.36% | $ 15,653,321 |
| Lonestar College System | 338,975,000 | 0.16 | 554,877 |
| Montgomery County | 535,450,000 | 0.52 | 2,768,168 |
| Willis Independent School District | 434,875,000 | 8.08 | 35,153,855 |
| Total Estimated Overlapping Debt | | | $ 54,130,221 |
| The District (a) | | | $ 75,705,000 |
| Total Direct & Estimated Overlapping Debt | | | $129,835,221 |

(a) Includes the Outstanding Bonds and the Bonds.

**Debt Ratios**

| | |
|---|---|
| Direct Debt Ratio: | |
| As a Percentage of 2026 Taxable Assessed Valuation | 13.41% |
| As a Percentage of Estimated Valuation as of July 15, 2026 | 12.94% |
| Direct and Estimated Overlapping Debt Ratio: | |
| As a Percentage of 2026 Taxable Assessed Valuation | 22.99% |
| As a Percentage of Estimated Valuation as of July 15, 2026 | 22.19% |

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**Debt Service Requirements**

The following schedule sets forth the annual debt service requirements on the Outstanding Bonds and the principal and estimated interest requirements on the Bonds, assuming an average interest rate of 5.25% on the Bonds. Totals may not sum due to rounding.

| Calendar Year | Outstanding Debt Service | The Bonds Principal | The Bonds Interest | The Bonds Debt Service | Total Debt Service |
|---|---|---|---|---|---|
| 2027 | $ 5,159,006 | $ 35,000 | $ 42,992 | $ 77,992 | $ 5,236,998 |
| 2028 | 5,142,013 | 20,000 | 55,913 | 75,913 | 5,217,925 |
| 2029 | 5,135,675 | 25,000 | 54,863 | 79,863 | 5,215,538 |
| 2030 | 5,126,281 | 25,000 | 53,550 | 78,550 | 5,204,831 |
| 2031 | 5,130,338 | 25,000 | 52,238 | 77,238 | 5,207,575 |
| 2032 | 5,143,725 | 25,000 | 50,925 | 75,925 | 5,219,650 |
| 2033 | 5,161,681 | 30,000 | 49,613 | 79,613 | 5,241,294 |
| 2034 | 5,166,200 | 30,000 | 48,038 | 78,038 | 5,244,238 |
| 2035 | 5,183,944 | 30,000 | 46,463 | 76,463 | 5,260,406 |
| 2036 | 5,201,194 | 30,000 | 44,888 | 74,888 | 5,276,081 |
| 2037 | 5,212,850 | 35,000 | 43,313 | 78,313 | 5,291,163 |
| 2038 | 5,228,025 | 35,000 | 41,475 | 76,475 | 5,304,500 |
| 2039 | 5,247,650 | 40,000 | 39,638 | 79,638 | 5,327,288 |
| 2040 | 5,270,438 | 40,000 | 37,538 | 77,538 | 5,347,975 |
| 2041 | 5,280,425 | 40,000 | 35,438 | 75,438 | 5,355,863 |
| 2042 | 5,288,719 | 45,000 | 33,338 | 78,338 | 5,367,056 |
| 2043 | 5,309,656 | 45,000 | 30,975 | 75,975 | 5,385,631 |
| 2044 | 5,324,700 | 50,000 | 28,613 | 78,613 | 5,403,313 |
| 2045 | 5,347,338 | 50,000 | 25,988 | 75,988 | 5,423,325 |
| 2046 | 4,764,744 | 55,000 | 23,363 | 78,363 | 4,843,106 |
| 2047 | 4,243,619 | 55,000 | 20,475 | 75,475 | 4,319,094 |
| 2048 | 3,171,575 | 60,000 | 17,588 | 77,588 | 3,249,163 |
| 2049 | 2,179,050 | 65,000 | 14,438 | 79,438 | 2,258,488 |
| 2050 | 1,352,988 | 65,000 | 11,025 | 76,025 | 1,429,013 |
| 2051 | 663,025 | 70,000 | 7,613 | 77,613 | 740,638 |
| 2052 | - | 75,000 | 3,938 | 78,938 | 78,938 |
| Total | $ 115,434,856 | $ 1,100,000 | $ 914,229 | $ 2,014,229 | $117,449,085 |

Estimated Average Annual Debt Service Requirement (2027–2052) ..... $4,517,273

Estimated Maximum Annual Debt Service Requirement (2045) ..... $5,423,325

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## TAXING PROCEDURES

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

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

### Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles.

In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2026 tax year, the District has granted an exemption of $30,000 of assessed valuation for persons sixty-five (65) years of age or older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age, Survivors and Disability Insurance Act.

The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or (ii) a first responder as defined under Texas law, 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.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit Exemption" is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft, and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has not exercised its option to tax goods-in-transit personal property but may choose to do so in the future.

**General Residential Homestead Exemption**

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that 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. For the 2026 tax year, the District has not granted a general residential homestead exemption.

**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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by 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 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% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage

of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

**District and Taxpayer Remedies**

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

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

**Agricultural, Open Space, Timberland and Inventory Deferment**

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2026, approximately 202.72 acres within the District was designated for agricultural use, open space, timberland, or inventory deferment.

**Tax Abatement**

The City or Montgomery County may designate all or part of the District as a reinvestment zone, and the District, Montgomery County, and the City may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

**Levy and Collection of Taxes**

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or thirty (30) days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the twenty-first (21$^{st}$) day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%)

penalty for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty, and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances.

The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

**Rollback of Operation and Maintenance Tax Rate**

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

*Low Tax Rate Districts*:

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

*Developed Districts*:

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount

of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor 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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

*Developing Districts*:

Districts that do not meet the classification of a Low Tax Rate District or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the 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 operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

*The District*:

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

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

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units (see "TAX DATA – Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS – Tax Collection Limitations."

## TAX DATA

### General

Taxable property within the District is subject to the assessment, levy, and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and any future tax-supported bonds that may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from ad valorem taxes. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements, and its available funds.

The District also has the power and authority to assess, levy, and collect ad valorem taxes, not to exceed $1.50 per $100 of assessed valuation, for operation and maintenance purposes. In 2026, the Board levied a total tax rate of $1.03 per $100 of assessed valuation composed of a tax for operation and maintenance purposes in the amount of $0.09 per $100 of assessed valuation and a total debt service tax of $0.94 per $100 of assessed valuation.

### Tax Rate Limitations

| | |
|---|---|
| Debt Service: | Unlimited (no legal limit as to rate or amount) |
| Maintenance and Operations: | $1.50 per $100 of Assessed Valuation. |

### Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For the 2026 tax year, the District has granted an exemption of $30,000 of assessed valuation for persons sixty-five (65) years of age or older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age, Survivors and Disability Insurance Act. The District has not granted a general residential homestead exemption for the 2026 tax year. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

### Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than 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 Property Tax Code.

### Historical Tax Collections

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

| Tax Year | Certified Taxable Value | Tax Rate | Adjusted Tax Levy | Collections Current Year | Current Year Ending 9/30 | Collections 07/31/26 |
|---|---|---|---|---|---|---|
| 2022 | 259,187,996 | $ 1.10 | $ 2,851,068 | 100.00% | 2023 | 100.00% |
| 2023 | 411,664,490 | 1.07 | 4,404,810 | 99.57 | 2024 | 99.64 |
| 2024 | 505,120,417 | 1.07 | 5,404,788 | 95.66 | 2025 | 98.36 |
| 2025 | 569,800,251 | 1.03 | 5,868,943 | 98.26 | 2026 | 98.26 |
| 2026 | 564,675,571 | 1.03 | 5,816,158 | (a) | 2027 | (a) |

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

**Tax Rate Distribution**

| | 2026 | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| Utility and Park Debt Service | $0.670 | $0.650 | $0.710 | $0.630 | $0.720 |
| Road Debt Service | $0.270 | $0.280 | $0.230 | $0.250 | $0.180 |
| Maintenance & Operation | $0.090 | $0.100 | $0.130 | $0.190 | $0.200 |
| Total | $1.030 | $1.030 | $1.070 | $1.070 | $1.100 |

**Analysis of Tax Base**

The following table illustrates the District's total taxable assessed value in the 2022–2026 tax years by type of property.

| Type of Property | 2026 Assessed Valuation | 2025 Assessed Valuation | 2024 Assessed Valuation | 2023 Assessed Valuation | 2022 Assessed Valuation |
|---|---|---|---|---|---|
| Land | $ 98,401,679 | $ 98,384,175 | $ 99,738,292 | $ 85,431,653 | $ 63,648,718 |
| Improvements | 548,895,816 | 548,539,266 | 472,429,782 | 378,744,974 | 234,211,330 |
| Personal Property | 6,080,931 | 5,620,554 | 787,242 | 622,806 | 432,301 |
| Exemptions | (88,702,855) | (82,743,744) | (67,834,899) | (53,134,943) | (39,104,353) |
| Total | $ 564,675,571 | $569,800,251 | $505,120,417 | $411,664,490 | $259,187,996 |

**Principal Taxpayers**

The following represents the principal taxpayers, type of property, and their taxable assessed values as of the Appraisal District's original certification of the 2026 appraisal roll:

| Taxpayer | Type of Property | Assessed Valuation 2026 Tax Roll | Percent of 2026 Roll |
|---|---|---|---|
| Ravenna Homes LLC (b) | Land & Improvements | $ 3,981,954 | 0.71% |
| Chesmar Homes LLC (b) | Land & Improvements | 2,693,483 | 0.48% |
| HF Holding Company LLC (a) | Land | 2,383,471 | 0.43% |
| Perry Homes LLC (b) | Land & Improvements | 2,074,076 | 0.37% |
| Homeowner | Land & Improvements | 1,425,507 | 0.25% |
| Homeowner | Land & Improvements | 1,347,462 | 0.24% |
| Weekly Homes LLC (b) | Land & Improvements | 1,306,948 | 0.23% |
| J Patrick Homes LTD (b) | Land & Improvements | 1,063,984 | 0.19% |
| Centerpoint Energy Entex | Personal | 1,015,400 | 0.18% |
| Westin Homes Houston LLC (b) | Land & Improvements | 954,401 | 0.17% |
| Total | | $ 18,246,686 | 3.23% |

(a) See "THE DEVELOPER."
(b) See "STATUS OF DEVELOPMENT – Homebuilders Active within the District."

**Tax Rate Calculations**

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District occurs beyond the District's taxable assessed valuation as of January 1, 2026 ($564,675,571) and the District's Estimated Valuation as of July 15, 2026 ($585,013,429). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

| | |
|---|---|
| Estimated Average Annual Debt Service Requirement (2027–2052) | $ 4,517,273 |
| Tax Rate of $0.85 on the 2026 Taxable Assessed Valuation produces | $ 4,559,755 |
| Tax Rate of $0.82 on the Estimate of Value as of July 15, 2026, produces | $ 4,557,255 |
| Estimated Maximum Annual Debt Service Requirement (2045) | $ 5,423,325 |
| Tax Rate of $1.02 on the 2026 Taxable Assessed Valuation produces | $ 5,471,706 |
| Tax Rate of $0.98 on the Estimate of Value as of July 15, 2026, produces | $ 5,446,475 |

### Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2026 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

| Taxing Jurisdiction | 2026 Tax Rate |
|---|---|
| The District | $1.030000 |
| Montgomery County | 0.386000 |
| Montgomery County Hospital District | 0.045800 |
| City of Conroe | 0.427200 |
| Lone Star College System | 0.105800 |
| Willis ISD | 0.999800 |
| Estimated Total Tax Rate | $2.994600 |

## THE DISTRICT

### General

Montgomery County Municipal Utility District No. 128 ("MUD 128") was created by Senate Bill 2504, as passed by the 81st Legislature, Regular Session, 2009, codified at Chapter 8355 of the Texas Special District Local Laws Code, in accordance with Article XVI, Section 59 of the Texas Constitution and pursuant to Article III Section 52 of the Texas Constitution. Pursuant to Section 8355.105 of the Texas Special District Local Laws Code, on February 15, 2017, the Board of Directors of MUD 128 adopted an order dividing MUD 128 into two distinct districts, the District and Montgomery County Municipal Utility District No. 128B, and thereby created the District. The creation of the District was confirmed at an election held within the District on May 6, 2017.

The District operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the corporate limits of the City, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate, and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also develop and finance roads. See "THE BONDS – Issuance of Additional Debt," "– Financing Recreational Facilities," and "– Financing Road Facilities."

Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE UTILITY SYSTEM."

### Description

Upon creation of the District pursuant to the order dividing the lands of MUD 128 into two distinct districts, as referenced above, the District encompassed an area of approximately 526.16 acres. Following an annexation and exclusion in October of 2020 and another annexation in March of 2023, the District currently encompasses approximately 959.67 acres.

The District is situated entirely within Montgomery County, Texas, entirely within the corporate limits of the City, and entirely within Willis Independent School District. The District is located approximately 45 miles north of the City of Houston, Texas, approximately 8 miles north of the central portion of the City, and approximately 1 mile west of the intersection of Interstate Highway 45 and Farm to Market Road 830.

**Utility Agreement Between the District and the City of Conroe**

The District operates pursuant to that First Amended and Restated Utility Functions and Services Allocation Agreement entered into by the City and MUD 128 dated June 14, 2016 (the "Utility Agreement"). Pursuant to the Utility Agreement, the City consented to the creation of MUD 128 within the city limits of the City and to the division of MUD 128 into two or more new districts in accordance with Section 8355.105 of the Code. The Utility Agreement provides that each such newly formed district resulting from the division of MUD 128 will automatically become party to the Utility Agreement.

In the Utility Agreement, the City agreed to extend water distribution and wastewater collection lines to locations mutually agreed upon by the City and the District as well as to provide sufficient water supply and wastewater treatment plant capacity to serve the District at full development. The City agrees to provide the District with its ultimate requirements for water supply capacity as needed and when required by the District without capital charges of any kind. The City represents that it has sufficient capacity in the City's wastewater treatment plant to serve the development of the District as needed and when required by the District and that it shall provide these services to the District when needed. The City agrees to make any necessary improvements to its wastewater treatment plant, at no cost to the District, if at any time it does not have sufficient capacity to serve the development in the District.

Pursuant to the Utility Agreement, the District assumed responsibility for acquiring and constructing the water distribution, sanitary sewer collection, and drainage facilities, as well as roads and improvements in aid thereof, to serve development occurring within the boundaries of the District (the "Facilities"). The District further assumed the responsibility for acquiring and constructing detention and recreational improvements to serve development within its boundaries. The Utility Agreement provides that the Facilities and all detention facilities and recreational improvements shall be designed and constructed in accordance with the requirements and criteria of the City and all applicable regulatory authorities.

As the Facilities are constructed and acquired, the District shall convey the same to the City. Upon conveyance of the Facilities to the City, the Facilities shall be operated, maintained and managed by the City at its sole cost and expense. The Utility Agreement provides that the City shall be the retail provider of water and sewer services to the District and that the City shall charge users rates for such water and sewer service as determined by the City, provided that such rates be equal and uniform to those charged to other similar classifications of users in non-municipal utility district areas of the City. The City may also charge a connection fee at a rate to be determined by the City, provided that such fee is uniformly charged to other customers in the City's corporate limits in the same customer class.

The Utility Agreement provides that the District shall retain title to, and shall be responsible for, the operations and maintenance of recreational and detention facilities constructed by or on behalf of the District, including any amenity aspects of a detention facility that do not relate to such a facility's hydraulic functions.

Under the Utility Agreement, the District is authorized to issue bonds to finance the construction and acquisition of the Facilities, parks and recreational facilities, and eligible road facilities and related appurtenances. Before the District is authorized to issue bonds, the District must provide the City with a copy of a TCEQ order authorizing issuance of such bonds, if applicable, and such order must provide that under the TCEQ's rules governing the issuance of bonds it is feasible to sell the bonds at a District tax rate that does not exceed $1.50 per $100 of taxable assessed valuation. The Utility Agreement expressly provides that such condition is not a limitation on the District's authority to levy an unlimited tax and that the District's bonds are secured by a pledge of the proceeds of an ad valorem tax without limit as to rate or amount. Both the City and the District levy taxes on property within the District. The District must also provide the City with a copy of the applicable preliminary official statement and draft bond order before issuing bonds.

Bonds issued by the District must provide that the District reserves the right to redeem the bonds on any interest payment date subsequent to the tenth anniversary of the date of issuance. Such bonds, other than refunding bonds, may not be sold for less than 95% of par; provided, however, that the net effective interest rate on such bonds, taking into account any discount or premium as well as the interest rate borne by such

bonds, will not exceed 2% above the highest average interest rate reported by the Daily Bond Buyer in its weekly "20 Bond Index" during the one-month period next preceding the date notice of the sale of such bonds is given, and that bids for the Bonds will be received, if and as required, in accordance with Section 49.183 of the Texas Water Code, as amended. Bonds issued by the District may not have a maturity of more than 30 years and may not provide for more than 24 months of capitalized interest.

The Utility Agreement provides that the City pays an annual rebate to the District of a portion of the City's tax rate related to the water, wastewater and storm drainage in order to prevent double payment of taxes by taxpayers in the District. The annual rebate is equal to the total assessed value in the District for a given year multiplied by the portion of the City's tax rate that is attributable to water, sewer or storm drainage facilities, which it may increase or decrease over time. The District received their first annual rebate payment on February 1, 2021. Such annual rebate payments shall be payable each February 1 thereafter, with each such annual payment being applicable to the calendar year preceding the calendar year of each such February 1.

The City's right to dissolve the District is restricted under the Utility Agreement. Under the terms of the Utility Agreement, the City agrees that it will not dissolve the District until ninety-five percent of the District's Facilities have been developed and the developers advancing funds to construct the Facilities have been reimbursed to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement of the District under such rules. The Utility Agreement shall remain in effect until the earlier of the dissolution of the District by the City or the expiration of 40 years from December 14, 2012, the effective date of the Utility Agreement. See "INVESTMENT CONSIDERATIONS – Environmental Regulations."

**Management of the District**

The District is governed by the Board of Directors, which consists of five directors and has control and management supervision over all affairs of the District. All of the directors currently own property in the District. Directors are elected in May of even-numbered years for four-year staggered terms. The present members and officers of the Board and their positions are listed below:

| Name | Position | Term Expires |
|---|---|---|
| Bradley R. Rich | President | May 2028 |
| Skip Downham | Vice President | May 2030 |
| Jana Ralls Miller | Secretary | May 2028 |
| Ed Jones | Assistant Secretary | May 2030 |
| Louis Cento | Assistant Secretary | May 2028 |

The District has contracted with the following companies to operate its facilities and perform certain other services:

*Tax Assessor/Collector*: The District's tax assessor/collector is Assessment of the Southwest, Inc. (the "Tax Assessor/Collector"). Such firm serves more than 100 utility districts. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Appraisal District and bills and collects such levy.

*Bookkeeper*: The District's bookkeeper is Municipal Accounts & Consulting, L.P.

*Operator*: The City serves as operator of the Utility System pursuant to the Utility Agreement.

*Auditor*: The District engaged Knox Cox & Co., L.L.P., Certified Public Accountants, to perform an audit of its financial statements for the fiscal year ended June 30, 2025. Such financial statements are attached as "APPENDIX A" to this Official Statement. The District has engaged Knox Cox & Co., L.L.P., Certified Public Accountants, to perform an audit of its financial statements for the fiscal year ended June 30, 2026.

*Engineer*: The District has engaged LJA Inc. (the "Engineer") to perform engineering services for the design and construction of the Utility System, Road System, and other District facilities.

*Bond Counsel and General Counsel*: Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

*Disclosure Counsel*: McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District for issuance of the Bonds. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

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

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**General Fund Operating Statement**

The following sets forth in condensed form the results of the District's general operating fund for the previous five fiscal years. For the fiscal years ended June 30, 2022, through June 30, 2025, such summary has been prepared by the Financial Advisor for inclusion herein based on information obtained from the District's most recent audited financial statements, reference to which is made for further and more complete information. See "APPENDIX A." The figures for the fiscal year ended June 30 ,2026, are unaudited and were prepared for inclusion herein based on reports of the District's bookkeeper.

The District is provided water and sewer services by the City, as described herein under "THE UTILITY SYSTEM," and does not receive any revenue from customers for water and sewer service. Consequently, the District's primary source of revenue is provided by a maintenance and operations tax levy, and its general fund is used primarily for administrative expenses of the District.

| | Fiscal Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2026 (a) | 2025 | 2024 | 2023 | 2022 |
| Revenues | | | | | |
| Property Taxes | $ 985,083 | $ 623,240 | $ 780,242 | $ 516,713 | $ 463,168 |
| Penalties and Interest | – | – | – | – | 2,064 |
| Investment Earnings | 77,981 | 74,560 | 65,165 | 35,595 | 12,093 |
| Other Income | 47,2026 | 39,692 | 37,247 | 18,112 | – |
| Total Revenues | $ 1,110,270 | $ 737,492 | $ 882,654 | $ 570,420 | $ 477,325 |
| | | | | | |
| Expenditures | | | | | |
| Professional Fees | $ 177,294 | $ 126,839 | $ 137,624 | $ 143,772 | $ 103,980 |
| Contracted Services | 110,718 | 82,240 | 66,570 | 72,573 | 27,261 |
| Administration and Other | 121,996 | 65,259 | 62,057 | 53,268 | 41,992 |
| Other | 11,332 | 100,000 | 100,000 | – | – |
| Capital Outlay | – | – | | – | – |
| Total Expenditures | $ 421,340 | $ 374,338 | $ 366,251 | $ 269,613 | $ 173,233 |
| | | | | | |
| Excess Revenues | $ 688,930 | $ 363,154 | $ 516,403 | $ 300,807 | $ 304,092 |
| | | | | | |
| Developer Advances | $ – | $ – | $ – | $ – | $ – |
| Internal Transfers | $ – | $ (16,908) | $ (105,134) | $ (18,910) | $ – |
| | | | | | |
| Change in Fund Balance | $ 688,930 | $ 346,246 | $ 411,269 | $ 281,897 | $ 304,092 |

(a) Unaudited figures for the twelve-month period from July 1, 2025, to June 30, 2026.

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

**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT**

**(September 2026)**

## STATUS OF DEVELOPMENT

### Status of Development

The District is being developed as the master-planned residential community known as The Woodlands Hills. To date, approximately 1,668 single-family lots have been developed within the following thirty-six (36) single-family residential subdivisions: TWDC-HHC, Sections 1–5; The Woodlands Hills, Sections 1–12; The Woodlands Hills, Section 12A; The Woodlands Hills, Sections 13–27; and The Woodlands Hills, Sections 29, 34, and 42.

As of September 1, 2026, development within the District consisted of approximately 1,474 completed homes (approximately 1,434 occupied, 28 unoccupied, and 12 model homes), approximately 43 homes under construction, and approximately 151 vacant, developed lots. The subdivisions referenced above encompass approximately 596.80 total acres, inclusive of lands for parks, open spaces, reserves, and road rights-of-way. The remainder of the land within the District consists of approximately 17.55 acres for Village Park, a recreation center in the District, approximately 31.06 acres for roadways, approximately 132.18 undevelopable acres, and approximately 182.16 acres that are available for additional development.

### Homebuilders Active within the District

Homebuilders active within the District include DBR Homes, Century Communities, Chesmar Homes, David Weekley Homes, Perry Homes, Ravenna Homes, J. Patrick Homes, and Westin Homes. New homes being constructed in the District range in price from approximately $285,000 to approximately $910,000 and in size from approximately 1,622 to 4,891 square feet.

## THE DEVELOPER

### The Role of a Developer

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

### Description

HF Holding Company, LLC, a Delaware limited liability company (the "Developer"), is the developer of land in the District and was formed for the sole purpose of carrying out land development activities in the District. The Developer is a subsidiary of Howard Hughes Holdings, Inc. a Delaware corporation. Howard Hughes Holdings, Inc. is a public company whose stock is traded on the New York Stock Exchange under the symbol HHH. All funds required for development activities are provided by the Developer, Howard Hughes Holdings, Inc. or from lot sales. In the Houston, Texas area, in addition to The Woodlands Hills, entities related to Howard Hughes Holdings, Inc. are responsible for the development of master-planned communities including The Woodlands and Bridgeland.

### Lot-Sales Contracts

The Developer has entered into lot-sales contracts with each of DBR Homes, Century Communities, Chesmar Homes, David Weekley Homes, J. Patrick Homes, Perry Homes, Ravenna Homes, and Westin Homes. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited

with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit, currently, approximately $317,100. According to the Developer, each of the builders is in compliance with their respective lot-sales contract, and each of the builders has purchased all lots under each lot-sales contract.

**National Finance Authority**

The Developer has obtained financing for a portion of the development of the District through the National Finance Authority (the "National Finance Authority" or "NFA"). The NFA issued $65,835,000 Special Revenue Bonds, Series 2026 (Howard Hughes and The Woodland Hills Utility Districts 128A and 129) (the "NFA Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the sale of the Bonds and the future sale of unlimited tax bonds issued by the District. The District entered into a Supplement for Utility Development among the District, the Developer and the NFA in connection with the issuance of the NFA Bonds. According to the Developer, it is currently in compliance with all material representations and certifications made with respect to the NFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law.

## THE UTILITY SYSTEM

**Regulation**

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

**Water Supply and Wastewater Treatment**

The City provides utility services to the District in accordance with the terms of the Utility Agreement. See "THE DISTRICT – Utility Agreement Between the District and the City of Conroe." Under the Utility Agreement, the City agrees to provide sufficient water supply and wastewater treatment to serve full development within the District and to own and maintain all public infrastructure necessary to provide such water supply and wastewater treatment. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City. The City charges users in the District for such services at rates as determined necessary by the City. The City may also charge a connection fee provided such fee is equal to sums charged to other customers for comparable connections. See "INVESTMENT CONSIDERATIONS – Environmental Regulations."

**Surface Water Conversion**

The District is within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District") which regulates groundwater withdrawal. Because the District is served by the City with water, the District has no potable water wells subject to regulation by the Conservation District.

**Drainage**

The master drainage plan for the District is to rely on the existing Stewarts Creek as the outfall for the first phase of the development (north of FM 830 and east of Old Montgomery Road). To offset the impacts of development, collector roads that cross Stewarts Creek or its tributaries will use road crossing culverts that restrict conveyance. Additionally, sheet piling across Stewarts Creek will be used to hold back flows so that overall discharge to Stewarts Creek will not exceed existing conditions in the 100-year storm event.

The second phase of development (north of FM 830 and west of Old Montgomery Road) drains into the Live Branch watershed. To offset the impacts of development, multiple detention ponds along its tributaries will be used to restrict conveyance. Additionally, sheet piling upstream of the District's boundary will be used to hold back flows so that the overall discharge to Live Branch will not exceed existing conditions in the 100-year storm event.

### 100 Year Flood Plain

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

According to the Federal Emergency Management Agency Flood Insurance Rate Map No. 48339C0240G, approximately 30.49 acres within the District are located in the 100-year flood plain. None of such acreage will be used for development.

### Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

## THE ROAD SYSTEM

The residential sections that have been developed in the District to date are served by certain segments of North Teralyn Hills Drive, Teralyn Woods Parkway, East Teralyn Way, West Teralyn Way, and Teralyn Forest Drive that are designated as collector roadway on the thoroughfare plan of the City. The internal subdivision streets of the developed sections in the District direct residents to North Teralyn Hills Drive and Teralyn Woods Parkway, which both connect to Farm to Market Road 830, and also to East Teralyn Way, West Teralyn Way, and Teralyn Forest Drive, which connect to Old Montgomery Road. The design and construction of all roadways and associated improvements within the District is subject to the terms of the Utility Agreement. Following the District's construction and acquisition of roads, final inspection by the City, and expiration of a one-year warranty period, the District conveys road improvements to the City to be operated, maintained and managed by the City at its sole cost and expense.

## INVESTMENT CONSIDERATIONS

### General

The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City; or any political subdivision or entity other than the District. The Bonds are secured by the levy of an annual ad valorem tax, without legal limitation as to rate or amount, levied by the District on all taxable property located within the District. See "THE BONDS – Source and Security for Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing and commercial retail industries, not only due to general economic conditions, but also due to the particular factors discussed below.

**Factors Affecting Taxable Values and Tax Payments**

*Economic Factors and Construction of Improvements*: The rate of development within the District is directly related to the vitality of the single-family housing industry in the Houston, Texas metropolitan area. Construction of new single-family homes can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of such construction activity would restrict the growth of property values in the District. Although, as of September 1, 2026, the District included approximately 1,474 completed single-family homes and approximately 43 additional homes under construction, the District cannot predict the pace or magnitude of any future development in the District. See "STATUS OF DEVELOPMENT." Unless the District's tax base grows as a result of construction of additional housing and other taxable improvements, the District may be required to levy taxes at a substantially higher rate than customarily levied by other similar utility districts. An increase in the tax rate of the District to a higher level may have an adverse impact on future development in the District and on the District's ability to collect such tax. See "TAX DATA – Tax Rate Calculations."

*Undeveloped Acreage and Vacant Lots:* There are approximately 182.16 developable acres that have not been provided with water distribution, wastewater collection, and storm drainage facilities and 151 developed lots that remain vacant as of September 1, 2026. The District makes no representation as to when or if the undeveloped land will be developed or if construction of homes on vacant lots will occur. See "STATUS OF DEVELOPMENT."

*Competition*: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously owned single-family homes in more established commercial centers and neighborhoods closer to the City of Houston, Texas, that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District. The competitive position of the Developer or the principal landowners in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to 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 will be implemented or, if implemented, will be successful.

*Location and Access*: The District is located approximately 45 miles north of the central business district of the City of Houston, Texas. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "STATUS OF DEVELOPMENT."

*Developer Under No Obligation to the District*: There is no commitment by or legal requirement of the Developer, or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "STATUS OF DEVELOPMENT" and "THE DEVELOPER."

*Dependence on Principal Taxpayers:* The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2026, the District's ten principal taxpayers owned property located within the District the aggregate taxable assessed valuation of which comprised approximately 3.23% of the District's total taxable assessed valuation. In the event that the Developer, any other principal taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not

required by law or the Bond Order to maintain any specified amount of surplus in its interest and sinking fund. See "TAXING PROCEDURES – Levy and Collection of Taxes" and "TAX DATA – Principal Taxpayers."

*Maximum Impact on District Tax Rate*: Assuming no further development or construction of taxable improvements, the value of the land and other taxable property currently within the District will be the major determinant of the ability or willingness of property owners in the District to pay their taxes. The taxable assessed valuation of the District as of January 1, 2026, is $564,675,571 and the estimate of value as of July 15, 2026, is $585,013,429. See "TAX DATA."

After issuance of the Bonds, the estimated maximum annual debt service requirement of the Outstanding Bonds and the Bonds will be $5,423,325 (2045), and the estimated average annual debt service requirement of the Outstanding Bonds and the Bonds will be $4,517,273 (2027–2052). Based on the District's taxable assessed valuation as of January 1, 2026, and no use of funds on hand, a tax rate of $1.02 per $100 assessed valuation at a 95% collection rate would be necessary to pay the estimated maximum annual debt service requirement, and a tax rate of $0.85 per $100 assessed valuation at a 95% collection rate would be necessary to pay the estimated average annual debt service requirement. Based on the District's estimate of value as of July 15, 2026, and no use of funds on hand, a tax rate of $0.98 per $100 assessed valuation at a 95% collection rate would be necessary to pay the estimated maximum annual debt service requirement, and a tax rate of $0.82 per $100 assessed valuation at a 95% collection rate would be necessary to pay the estimated average annual debt service requirement. See "DISTRICT DEBT – Debt Service Requirements" and "TAX DATA – Tax Rate Calculations."

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of property within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay ad valorem taxes levied by the District.

**Increase in Costs of Building Materials**

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

**Hurricane Harvey and Potential Impact of Natural Disasters**

The Texas Gulf Coast area, including Montgomery County, Texas, sustained widespread rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. At such time, no homes had been constructed in the District. According to the Engineer, the water, sewer, and drainage system serving the District did not sustain any material damage as a result of Hurricane Harvey.

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

**Specific Flood Type Risks**

The District may be subject to the following flood risks:

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

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

**Potential Effects of Oil Price Fluctuations on the Houston Area**

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

**Environmental Regulations**

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

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

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

*Air Quality Issues*. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight (8)-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 (2) separate federal ozone standards: the eight (8)-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 (8)-hour ozone standard in 2015 (the "2015 Ozone Standard"). While 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 (6) 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. Because the City of Conroe provides retail water and wastewater service to the District, certain of the regulations may not apply to the District. See "THE DISTRICT – Utility Agreement Between the District and the City of Conroe." 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 90 contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("CGP"), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a five (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 has submitted all necessary documentation to the TCEQ for MS4 Permit compliance. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

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

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

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

**Tax Collection Limitations**

The District's ability to make debt service payments may be adversely affected by difficulties in collecting 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 judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming, and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer's right to redeem the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other 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 (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES."

**Registered Owners' Remedies and Bankruptcy**

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 of the Bonds ("Registered Owners") have the right to seek 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.

**Bankruptcy Limitation to Registered Owners' Rights**

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

Notwithstanding noncompliance by the District with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9 of the Federal Bankruptcy Code, 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 the 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 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.

The District may not be placed into bankruptcy involuntarily.

**Future Debt**

At an election held within the District on May 6, 2017, voters of the District authorized the District's issuance of the following: a total of $132,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; a total of $56,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System; a total of $188,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Park System or the Utility System; a total of $42,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; and a total of $42,000,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued by the District for the Road System.

The Bonds represent the second series of bonds to be issued by the District for the purpose of constructing or acquiring the Park System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $85,560,000 for the Utility System; $44,800,000 for the Park System; $188,000,000 for the refunding of bonds issued for the Utility System or the Park System; $18,845,000 for the Road System; and $42,000,000 for the refunding of bonds issued by the District for the Road System.

All of the remaining bonds described above, which have heretofore been authorized by the voters of the District, may be issued by the District from time to time as needed. In the Bond Order, the District reserves the right to issue the remaining authorized but unissued bonds and such additional bonds as may hereafter be approved by the voters of the District.

The District's issuance of the remaining unlimited tax bonds for the Utility System and for the Park System shall be subject to approval by the TCEQ. The District's issuance of bonds issued for the purpose of constructing or acquiring the Road System is not subject to approval of the TCEQ, however.

According to the Developer, following reimbursement to the Developer with the proceeds of the Bonds, the District will owe the Developer approximately $17,446,000 for its expenditures to construct the Utility System, approximately $11,867,000 for expenditures to construct the Road System, and approximately $7,645,000 for expenditures to construct the Park System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

**Marketability of the Bonds**

Except as provided in the Official Notice of Sale, the District has no understanding with the initial purchaser of the Bonds (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 may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

**Continuing Compliance with Certain Covenants**

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

**Approval of the Bonds**

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

**Future and Proposed Legislation**

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

**Cybersecurity**

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

**The 90th Texas Legislature**

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

**Bond Insurance Risk Factors**

*The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The District has yet to determine whether an insurance policy will be purchased with the Bonds, which would be at the discretion and expense of the Initial Purchaser. If an insurance policy is purchased, the following are risk factors relating to bond insurance.*

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

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

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

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

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

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

## LEGAL MATTERS

### Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal 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 Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, 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 enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" herein. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold, and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

### Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "THE DISTRICT – General," "– Management of the District – Bond Counsel and General Counsel," "– Utility Agreement Between the District and the City of Conroe," "TAXING PROCEDURES," and "LEGAL MATTERS" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 such firm'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 other information contained herein.

### Tax Exemption

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, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state, or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order 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.

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, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. 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 ownership of the Bonds.

**Qualified Tax-Exempt Obligations**

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 will designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code.

**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 Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC 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 certain corporation's "adjusted financial statement income" 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.

**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.

**Tax Accounting Treatment of Original Issue Discount Bonds and Premium Bonds**

The initial public offering price to be paid for one or more maturities of the Bonds may be 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 accrued period or be in excess of one year (the "Original Issue Discount Bonds"). 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 constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. 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, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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 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 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 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.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM 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 subsequent to the date of sale from that set forth or contemplated in the Official Statement, as it may have been supplemented or amended through the date of sale.

## NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the Date of Delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

## CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and Registered 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") through its Electronic Municipal Market Access ("EMMA") system.

### Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The financial information and operating data which will be provided with respect to the District is found under the headings "DISTRICT DEBT" (excluding "– Direct and Estimated Overlapping Debt Statement" and "– Debt Ratios"), "TAX DATA" (excluding "– Estimated Overlapping Taxes"), and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial

statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available. The District's current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

**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 a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, 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 obligated person, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

**Availability of Information from MSRB**

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

**Limitations and Amendments**

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District or the Developers, but only if the agreement, as amended, would have permitted an Initial Purchaser to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of such Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

### Compliance with Prior Undertakings

Due to an administrative oversight, the CUSIPs for the District's $12,055,000 Unlimited Tax Bonds, Series 2022 and the $2,500,000 Unlimited Tax Road Bonds, Series 2022A were not connected to the District's financial statements for the fiscal year ended June 30, 2022, filed on EMMA. The District filed updated financial statements with the MSRB via EMMA on June 26, 2023, to correct such error.

Except to the extent the preceding is deemed to be material, the District has complied in all material respects with its continuing disclosure undertakings pursuant to SEC Rule 15c2-12.

## GENERAL CONSIDERATIONS

### General

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

The District's financial statements for the fiscal year ended June 30, 2025, were audited by Knox Cox & Co., L.L.P., Certified Public Accountants, and have been included herein as "APPENDIX A." Knox Cox & Co., L.L.P. has agreed to the publication of its audit opinion on such financial statements in this Official Statement.

### Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Initial Purchaser and ending on the ninety-first (91st) day after the "end of the underwriting period," (as defined in Rule 15c(2)-12(f)(2) of the SEC), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Initial Purchaser of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

### Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions of, or pertaining to, the District and its affairs herein contain no untrue statements

of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

**Concluding Statement**

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

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 128A as of the date shown on the first page hereof.

/s/ _____
Vice President, Board of Directors
Montgomery County Municipal Utility District No. 128A

ATTEST:

/s/ _____
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 128A

# APPENDIX A

## Financial Statements of the District

# Montgomery County
# Municipal Utility District No. 128A

## MONTGOMERY COUNTY, TEXAS

## *FINANCIAL REPORT*

## June 30, 2025

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Knox Cox & Company, L.L.P.

*Certified Public Accountants*

8410 Highway 90A, Suite 150 | Sugar Land, Texas 77478
main: 346-772-2860 | fax: 346-772-2853

# Independent Auditors' Report

Board of Directors
Montgomery County Municipal Utility District No. 128A
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. 128A (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements sections 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

## Auditors' Responsibility 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 fraud or error, and to issue an auditors' 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 GAAS 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 GAAS, 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 perform audit procedures responsive to those risks. Such procedures including 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, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 26, respectively, be presented to supplement the basic financial statements. Such information, 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.

**Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information (TSI) listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Kemp Cox & Co. LLP

Sugar Land, Texas
September 11, 2025

# Management's Discussion and Analysis

As management of Montgomery County Municipal Utility District No. 128A (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2025.

## FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by $41,420,892 (deficit net position).
- As of June 30, 2025, the District's governmental funds reported an ending fund balance of $8,727,745.
- The District's cash and investments balance at June 30, 2025 was $8,735,893, representing an increase of $1,908,410 from June 30, 2024.
- The District had revenues of $5,564,431 and a change in net position of ($1,054,076) for the year ended June 30, 2025.
- At the end of the fiscal year, unassigned and uncommitted fund balance for the General Fund was $1,899,245 or 507% percent of total General Fund expenditures.
- The District had $71,785,000 of outstanding long-term debt related to bonds.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

The government-wide financial statements present functions of the District that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 10-13 of this report.

## 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District consist solely of governmental funds (the General Fund, Debt Service Fund and Capital Project Fund).

**Governmental Funds** - Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and g*overnmental activities*. The basic governmental fund financial statements can be found on pages 10-13 of this report.

## NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 28 of this report.

## OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's General Fund budget. Required supplementary information can be found on page 30 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by $41,420,892 as of June 30, 2025, resulting in a deficit net position.

The District had a deficit net investment in capital assets of $48,119,929 as of June 30, 2025 primarily because the District incurs debt to finance the acquisition and construction of water distribution, sanitary sewer collection, and drainage facilities, as well as roads and improvements and then conveys completed assets to the City of Conroe pursuant to the District's Utility Agreement with the City of Conroe.

Additionally, a portion of the District's net position represents net position unrestricted and available for future operations.

**SUMMARY OF STATEMENT OF NET POSITION**

| | Governmental Activities | |
|---|---|---|
| | **2025** | **2024** |
| Current and other assets | $ 8,899,253 | $ 6,924,435 |
| Capital assets, net | 20,749,812 | 17,055,530 |
| **Total Assets** | 29,649,065 | 23,979,965 |
| | | |
| Long-term liabilities | 70,062,775 | 57,579,892 |
| Other liabilities | 1,007,182 | 6,766,889 |
| **Total Liabilities** | 71,069,957 | 64,346,781 |
| | | |
| Net Position: | | |
| Net investment in capital assets | (48,119,929) | (45,552,126) |
| Restricted for debt service | 4,636,432 | 3,532,232 |
| Unrestricted | 2,062,605 | 1,653,078 |
| **Total Net Position** | $ (41,420,892) | $ (40,366,816) |

Net position of the District, all of which relate to governmental activities, decreased by $1,054,076. Key elements of the decrease are as follows:

**CHANGES IN NET POSITION**

| | Governmental Activities | |
|---|---|---|
| | **2025** | **2024** |
| **Revenues** | | |
| Property taxes, penalties and interest | $ 5,209,966 | $ 4,419,778 |
| Investment income and other | 354,465 | 306,783 |
| **Total Revenues** | 5,564,431 | 4,726,561 |
| | | |
| **Expenses** | | |
| Professional fees and contracted services | 270,157 | 246,309 |
| Administration and other | 293,126 | 180,528 |
| Conveyance of assets | | 23,852,353 |
| Developer interest | 1,490,134 | 1,102,630 |
| Interest and fiscal charges on long-term debt | 3,132,832 | 2,509,280 |
| Debt issuance costs | 898,078 | 1,727,390 |
| Depreciation | 534,180 | 340,776 |
| **Total Expenses** | 6,618,507 | 29,959,266 |
| | | |
| **Change in Net Position** | (1,054,076) | (25,232,705) |
| | | |
| Net position, beginning | (40,366,816) | (15,134,111) |
| | | |
| **Net Position, Ending** | $ (41,420,892) | $ (40,366,816) |

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds are discussed below:

**Governmental Funds** - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of June 30, 2025, the District's governmental funds, which consist of a general fund, debt service fund and capital projects funds, reported an ending fund balance of $8,727,745, which is an increase of $1,894,912 from last year's total of $6,832,833. The increase relates primarily to an increase in property tax revenue and other financing sources. As a measure of the general fund's liquidity, it may be useful to compare unassigned and uncommitted fund balance to total fund expenditures. Unassigned fund balance represents 507% of total General Fund expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** - The District's investment in capital assets as of June 30, 2025 amounts to $20,749,812 (net of accumulated depreciation).

| | Governmental Activities | |
|---|---|---|
| | **2025** | **2024** |
| Capital assets not being depreciated: | | |
| Land and easements | $ 2,303,855 | $ 2,303,855 |
| Construction in progress | 7,191,394 | 3,246,780 |
| | 9,495,249 | 5,550,635 |
| Capital assets being depreciated: | | |
| Infrastructure | 4,738,035 | 4,738,035 |
| Drainage | 4,595,737 | 4,595,737 |
| Recreational facilities | 2,948,113 | 2,664,265 |
| | 12,281,885 | 11,998,037 |
| Less: accumulated depreciation | (1,027,322) | (493,142) |
| | 11,254,563 | 11,504,895 |
| **Total Capital Assets, Net** | $ 20,749,812 | $ 17,055,530 |

In prior years, The District conveyed assets totaling $23,852,353 to the City of Conroe pursuant the District's Utility Agreement. There were no conveyances to the City of Conroe during the fiscal year ending June 30, 2025.

Additional information on the District's capital assets can be found in Note 5 in the notes to financial statements.

## LONG-TERM DEBT AND RELATED LIABILITES

As of June 30, 2025, the District has total bonded debt outstanding of $71,785,000. Interest expense and fiscal charges totaled $3,132,832. The outstanding bonds have maturities ranging from 2025 to 2051.

Additional information on the District's long-term debt can be found in Note 6 in the notes to the financial statements.

During the fiscal year ending June 30, 2025, the District issued $10,100,000 Unlimited Tax Park Bonds Series 2024 and $3,500,000 Unlimited Tax Bonds Series 2024A. Additional information on the District's Bonds can be found in Note 6 in the notes to the financial statements.

## BUDGETARY HIGHLIGHTS

- Unassigned and uncommitted fund balance in the General Fund increased to $1,899,245, from $1,556,473. The District anticipated an increase of $447,583 for the current year.

## REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Montgomery County Municipal Utility District No. 128A's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Montgomery County Municipal Utility District No. 128A: Schwartz, Page & Harding, LLP; 1300 Post Oak Boulevard, Suite 2400; Houston, Texas 77056.

# FINANCIAL STATEMENTS

# Montgomery County Municipal Utility District No. 128A

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

## June 30, 2025

| | General | Debt Service | Capital Projects | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ 1,984 | $ 197,603 | $ 1,171 | $ 200,758 |
| Investments | 1,880,326 | 5,440,146 | 1,214,663 | 8,535,135 |
| Receivables: | | | | |
| Property taxes | 17,914 | 118,006 | | 135,920 |
| Internal receivables | 39,146 | | | 39,146 |
| Prepaid items | 27,440 | | | 27,440 |
| Capital assets, net of accumulated depreciation: | | | | |
| Land | | | | |
| Infrastructure | | | | |
| **Total Assets** | $ 1,966,810 | $ 5,755,755 | $ 1,215,834 | $ 8,938,399 |
| **Liabilities and Fund Balances/Net Position** | | | | |
| **Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ 22,211 | $ 13,377 | $ | $ 35,588 |
| Internal payables | | 16,346 | 22,800 | 39,146 |
| Accrued interest payable | | | | |
| Long-term liabilities: | | | | |
| Unamortized bond premium (discount) | | | | |
| Due within one year | | | | |
| Due after one year | | | | |
| **Total Liabilities** | 22,211 | 29,723 | 22,800 | 74,734 |
| **Deferred Inflows of Resources** | | | | |
| Unavailable revenue - property taxes | 17,914 | 118,006 | | 135,920 |
| **Fund Balances/Net Position** | | | | |
| **Fund Balances:** | | | | |
| **Restricted:** | | | | |
| Debt service | | 5,608,026 | | 5,608,026 |
| Capital projects | | | 1,193,034 | 1,193,034 |
| **Unrestricted:** | | | | |
| Nonspendable | 27,440 | | | 27,440 |
| Unassigned | 1,899,245 | | | 1,899,245 |
| **Total Fund Balances** | 1,926,685 | 5,608,026 | 1,193,034 | 8,727,745 |
| **Total Liabilities and Fund Balances** | $ 1,966,810 | $ 5,755,755 | $ 1,215,834 | $ 8,938,399 |
| **Net Position:** | | | | |
| Net investment in capital assets | | | | |
| Restricted for debt service | | | | |
| Unrestricted | | | | |
| **Total Net Position** | | | | |

See Notes to Financial Statements.

**Exhibit B(1)**

| Adjustments (Note 2) | Statement of Net Position |
|---|---|
| $ | $ 200,758 |
| | 8,535,135 |
| | 135,920 |
| (39,146) | |
| | 27,440 |
| 2,303,855 | 2,303,855 |
| 18,445,957 | 18,445,957 |
| 20,710,666 | 29,649,065 |
| | 35,588 |
| (39,146) | |
| 971,594 | 971,594 |
| (1,722,225) | (1,722,225) |
| 1,530,000 | 1,530,000 |
| 70,255,000 | 70,255,000 |
| 70,995,223 | 71,069,957 |
| (135,920) | |
| (5,608,026) | |
| (1,193,034) | |
| (27,440) | |
| (1,899,245) | |
| (8,727,745) | |
| (48,119,929) | (48,119,929) |
| 4,636,432 | 4,636,432 |
| 2,062,605 | 2,062,605 |
| $ (41,420,892) | $ (41,420,892) |

# Montgomery County Municipal Utility District No. 128A

## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

## For the Year Ended June 30, 2025

| | General | Debt Service | Capital Projects | Total |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ 623,240 | $ 4,479,639 | $ | $ 5,102,879 |
| Penalties and interest | | 43,806 | | 43,806 |
| Investment earnings | 74,560 | 174,803 | 65,410 | 314,773 |
| Other income | 39,692 | | | 39,692 |
| **Total Revenues** | 737,492 | 4,698,248 | 65,410 | 5,501,150 |
| **Expenditures/Expenses** | | | | |
| **Current:** | | | | |
| Professional fees | 126,839 | | | 126,839 |
| Contracted services | 82,240 | 61,078 | | 143,318 |
| Administration | 65,259 | | | 65,259 |
| Other | 100,000 | 28,026 | 60 | 128,086 |
| **Capital Outlay** | | | 5,825,227 | 5,825,227 |
| **Developer Interest** | | | | |
| **Debt Service:** | | | | |
| Interest and fiscal charges | | 2,647,398 | 236,137 | 2,883,535 |
| Principal payment | | 895,000 | 5,950,000 | 6,845,000 |
| Debt issuance costs | | | 898,078 | 898,078 |
| Depreciation | | | | |
| **Total Expenditures/Expenses** | 374,338 | 3,631,502 | 12,909,502 | 16,915,342 |
| **(Deficiency) of Revenues (Under) Expenditures** | 363,154 | 1,066,746 | (12,844,092) | (11,414,192) |
| **Other Financing Sources (Uses)** | | | | |
| Internal transfers | (16,908) | 211,122 | (194,214) | |
| Bond proceeds | | | 13,600,000 | 13,600,000 |
| Bond premium (discount) | | | (290,896) | (290,896) |
| **Total Other Financing Sources** | (16,908) | 211,122 | 13,114,890 | 13,309,104 |
| **Change in Fund Balance** | 346,246 | 1,277,868 | 270,798 | 1,894,912 |
| **Change in Net Position** | | | | |
| Fund Balances/Net Position - Beginning | 1,580,439 | 4,330,158 | 922,236 | 6,832,833 |
| **Fund Balances/Net Position - Ending** | $ 1,926,685 | $ 5,608,026 | $ 1,193,034 | $ 8,727,745 |

See Notes to Financial Statements.

**Exhibit B(2)**

| Adjustments (Note 2) | Statement of Activities |
|---|---|
| $ 63,281 | $ 5,166,160 |
| | 43,806 |
| | 314,773 |
| | 39,692 |
| 63,281 | 5,564,431 |
| | |
| | 126,839 |
| | 143,318 |
| | 65,259 |
| 99,781 | 227,867 |
| (5,825,227) | |
| 1,490,134 | 1,490,134 |
| | |
| 249,297 | 3,132,832 |
| (6,845,000) | |
| | 898,078 |
| 534,180 | 534,180 |
| (10,296,835) | 6,618,507 |
| | |
| (10,233,554) | |
| | |
| (13,600,000) | |
| 290,896 | |
| (13,309,104) | |
| | |
| (1,894,912) | |
| | |
| (1,054,076) | (1,054,076) |
| | |
| (47,199,649) | (40,366,816) |
| $ (50,148,637) | $ (41,420,892) |

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# Montgomery County Municipal Utility District No. 128A

**Exhibit B(3)**

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform with generally accepted accounting principles. The following is a summary of the most significant policies:

**A. Reporting Entity**

Montgomery County Municipal Utility District No. 128 was created by Chapter 867 (S.B. 2504), Acts of the 81st Legislature, Regular Session, 2009, codified at Chapter 8355 of the Texas Special District Local Laws Code ("Code"), in accordance with Article XVI, Section 59, of the Texas Constitution. On February 15, 2017, the Board of Montgomery County Municipal Utility District No. 128 adopted an Order dividing Montgomery County Municipal Utility District No. 128 into two districts: Montgomery County Municipal Utility District No. 128A (the "District") and Montgomery County Municipal Utility District No. 128B. The assets and obligations of Montgomery County Municipal Utility District No. 128 were assumed by the District under such Order. The District operates pursuant to Chapter 8355 of the Code and Chapter 49 and Chapter 54 of the Texas Water Code, as amended.

The District is empowered and authorized to purchase, construct, acquire, own, operate maintain, repair, improve or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

The District is a political subdivision of the State of Texas governed by an elected five member board and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. Based on these considerations, no other entities, organizations, or functions have been included in the District's financial reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered if determining that the District's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Although not considered significant in the District's reporting entity evaluation, other prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the

primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District's primary activities include construction, maintenance, and operation of water and sewer system facilities, recreational facilities and services, road facilities and debt service on bonds issued to construct the facilities.

## Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* This statement, known as the "Reporting Model" statement, affects the way the District prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial information. Some of the significant changes of GASB Statement No. 34 include the following:

**Management's Discussion and Analysis** - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis that private sector companies provide in their annual reports.

**Government-wide Financial Statements** - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities (such as buildings and infrastructure and general obligation debt). Accrual accounting reports all of the revenues and costs of providing services each year, not just those received or paid in the current or soon thereafter, as is the case with the modified accrual basis of accounting. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report related depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

**Fund Financial Statements** - These statements focus on the District's major funds and are prepared using the modified basis of accounting.

## Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units, as applicable. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District had no business-type activities or component units as of and for the year ended June 30, 2025.

The governmental funds financial statements consist of the balance sheet and statement of revenues, expenditures and changes in fund balance. These financial statements have been adjusted to arrive at the government-wide financial statement balances (statement of net position and statement of activities). Major individual governmental funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Revenues accrued include interest earned on investments and income from District operations. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service requirements, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable:

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

## NOTES TO FINANCIAL STATEMENTS

Committed:
To indicate fund balance that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).

Assigned:
To indicate fund balance to be used for specific purposes but do meet the criteria to be classified as restricted or committed.

Unassigned:
To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The District does not currently have any such policies.

The accounting system is organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund equity or deficit, revenues and expenditures.

The District reports the following governmental funds:

**General Fund**
The General Fund is used to account for the operations of the District and all other financial transactions not properly includable in other funds. The principal sources of revenue are property taxes. Expenditures include all costs associated with the daily operations of the District.

**Debt Service Fund**
The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt. The primary source of revenue for debt service is property taxes pursuant to requirements of the District's bond resolutions. Expenditures include costs incurred in assessing and collecting these taxes.

**Capital Projects Fund**
The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's facilities.

## NOTES TO FINANCIAL STATEMENTS

**C. Interfund Transactions**

During the course of operations, transactions occur between individual funds for specified purposes. If there is an intent to repay, then these receivables and payables are classified as internal receivables and payables on the combined balance sheet. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended, with no intent to repay. The interfund receivables/payables and operating transfers are eliminated for government-wide presentation.

**D. Budget**

An unappropriated budget is adopted for the General Fund. The budget is prepared using the same method of accounting as for financial reporting and serves as a planning tool. Encumbrance accounting is not utilized.

**E. Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of unearned tax revenues.

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

| Asset Description | Estimated Useful Life |
|---|---|
| Land | N/A |
| Building | 40 years |
| Infrastructure | 10-45 years |
| Other | 10-20 years |

**G. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums or discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums or

discounts, as well as bond issuance costs, during the current period. The face amount of new debt issued is reported as other financing sources. Premiums are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**H. Date of Management's Review**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through September 11, 2025, the date that the financial statements were available to be issued.

**I. Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes an adjustments column to arrive at the government-wide statement of net position balances. Amounts reported in the statement of net position are different because:

| | |
|---|---|
| Total fund balances - governmental funds | $ 8,727,745 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 20,749,812 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 135,920 |
| Deferred charges relating to debt issuance costs are not reported in the funds. | 1,722,225 |
| Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds. | (971,594) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds. | (71,785,000) |
| **Net Position of Governmental Activities** | $ (41,420,892) |

## NOTES TO FINANCIAL STATEMENTS

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes an adjustments column to arrive at changes in net position as reported in the government-wide statement of activities. Amounts reported in the statement of activities are different because:

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | 1,894,912 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlay exceeded conveyance of asset , developer interest and depreciation expense in the current period. | | 3,701,132 |
| The issuance of long-term debt provides current financial resources to governmental funds, but does not have an effect on net positions liabilities in the Statement of Net Assets. | | (13,600,000) |
| Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. | | 6,845,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are reported as expenditures in governmental funds. This adjustment reflects the net change in interest payable (-$249,297) and bond discount ($290,896) | | 41,599 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the net change in property taxes receivable and accrued penalty and interest on the accrual basis of accounting. | | 63,281 |
| **Change in Net Position of Governmental Activities** | $ | (1,054,076) |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - CASH AND INVESTMENTS

Cash and cash equivalents consist of non-interest bearing and interest-bearing checking accounts. The carrying amounts for cash and cash equivalent balances, which approximate fair values, by fund at June 30, 2025, are as follows:

| | Checking | Total |
|---|---|---|
| General | $ 1,984 | $ 1,984 |
| Debt Service | 197,603 | 197,603 |
| Capital Projects | 1,171 | 1,171 |
| | $ 200,758 | $ 200,758 |

**Investments**

At year-end, the District's investment balances were as follows:

| | Texas CLASS | Total |
|---|---|---|
| General | $ 1,880,326 | $ 1,880,326 |
| Debt Service | 5,440,146 | 5,440,146 |
| Capital Projects | 1,214,663 | 1,214,663 |
| | $ 8,535,135 | $ 8,535,135 |

**Custodial Credit Risk - Deposits**

For deposits, this is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Collateral is required for all bank deposits at 100% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Collateral pledged to cover the District's deposits is required to be held in the District's name by the trust department of a bank other than the pledging bank (the District's agent). Collateral securities must bear a Baa-1 or better rating to qualify for use in securing uninsured depository balances. Deposits at year-end are representative of the types of deposits maintained by the District during the year.

The District's deposits in banks at year-end were entirely covered by federal depository insurance or by acceptable collateral held by the District's agent in the District's name.

**Investment Policies**

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investments of the District are in compliance with its investment policy.

Applicable state laws and regulations allow the District to invest its funds in direct or indirect obligations of the United States, the State, or any county, city, school district, or other

political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes and provisions included in the District's bond orders require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds. Balances in checking accounts in depository institutions were entirely guaranteed by federal depository insurance or security as provided by statutes and bond provisions at June 30, 2025.

**Investment Pools**

The District participates in Texas Cooperative Liquid Assets Security System ("Texas CLASS"), an external public funds investment pool that in not SEC-registered. Texas CLASS is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas, N.A., as the custodian and is supervised by a Board of trustees who are elected by the participants. Investment held by Texas Class are reported at fair value. The investments are considered Level 1 investments because their fair value is based on quoted prices in active markets. There are no limits or restriction on withdrawal from Texas CLASS.

**Interest Rate Risk**

In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than two years to meet cash requirements for ongoing operation.

**Credit Risk - Investments**

In accordance with its investment policy, the District minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities.

## NOTE 4 - PROPERTY TAXES

The voters of the District have authorized the District's Board of Directors to levy operation/maintenance taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. The District's bond orders require that ad valorem taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied for debt service requirements are without limitation as to rate or amount.

All property values are determined by the Montgomery County Appraisal District. A tax lien attaches to all properties within the District on January 1st of each year. Taxes are generally levied on October 1 and are due upon receipt of the tax bill by the property owner. Penalties and interest are charged if taxes are not paid by the succeeding January 31st. There is an additional twenty percent penalty charged on accounts delinquent after July 1st of each year which generally is payable to the District's delinquent tax attorney.

Property taxes are prorated between operations and debt service based on the respective rates adopted for the year of the levy. For tax year 2024, the District levied a combined rate

of $1.07 per $100 of assessed valuation of which $0.13 was allocated to maintenance and operations and $0.94 was allocated to debt service. The resulting tax levy was $5,156,919 on the adjusted taxable valuation of $481,955,051 for the 2024 tax year.

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

| | General Fund | Debt Service Fund | Total |
|---|---|---|---|
| 2024 Levy | $ 13,478 | $ 97,460 | $ 110,938 |
| 2023 Levy | 4,436 | 20,546 | 24,982 |
| **Total Property Taxes Receivable** | $ 17,914 | $ 118,006 | $ 135,920 |

## NOTE 5 - CAPITAL ASSETS

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

| | Balance July 1, 2024 | Increases | (Decreases) | Balance June 30, 2025 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Non-depreciable Assets: | | | | |
| Land and easements | $ 2,303,855 | $ | $ | $ 2,303,855 |
| Construction in progress | 3,246,780 | 3,944,614 | | 7,191,394 |
| Total Non-depreciable Assets | 5,550,635 | 3,944,614 | | 9,495,249 |
| Depreciable Assets: | | | | |
| Infrastructure | 4,738,035 | | | 4,738,035 |
| Drainage | 4,595,737 | | | 4,595,737 |
| Recreational facilities | 2,664,265 | 283,848 | | 2,948,113 |
| Total Depreciable Assets | 11,998,037 | 283,848 | | 12,281,885 |
| Less Accumulated Depreciation | (493,142) | (534,180) | | (1,027,322) |
| **Totals** | $ 17,055,530 | $ 3,694,282 | $ | $ 20,749,812 |

Depreciation expense for the year ended June 30, 2025, totaled $534,180.

## NOTE 6 – LONG-TERM DEBT

Long-term debt includes bonds payable. Payments of principal and interest on the bonds are to be provided from tax levies on properties within the District. Investment income realized by the Debt Service Fund from investment of funds will be used to pay outstanding bond principal and interest.

# Montgomery County Municipal Utility District No. 128A

**Exhibit B(3)**

## NOTES TO FINANCIAL STATEMENTS

The following is a summary of changes in bonds payable for the year ended June 30, 2025:

| | | |
|---|---|---|
| Bonds payable, July 1, 2024 | $ | 59,080,000 |
| Bonds issued | | 13,600,000 |
| Bonds retired | | (895,000) |
| **Bonds Payable, June 30, 2024** | $ | 71,785,000 |

Bonds Payable at June 30, 2025, are comprised of the following issues.

| Series | Amounts Outstanding | Interest Rate | Date Serially Begin/End | Maturity Interest Dates | Callable Date |
|---|---|---|---|---|---|
| 2020 Bonds | $5,535,000 | 2.375%-4.875% | Sept. 1 2024/2045 | March 1/ Sept. 1 | Sept. 1, 2025 * |
| 2020A Bonds | $3,640,000 | 2.50%-5.00% | Sept. 1 2024/2045 | March 1/ Sept. 1 | Sept. 1, 2025 * |
| 2021 Bonds | $4,525,000 | 2.50%-3.00% | Sept. 1 2024/2046 | March 1/ Sept. 1 | Sept. 1, 2026 * |
| 2021A Bonds | $3,910,000 | 2.00%-4.50% | Sept. 1 2024/2046 | March 1/ Sept. 1 | Sept 1, 2026 * |
| 2022 Bonds | $11,795,000 | 4.00%-6.50% | Sept. 1 2024/2047 | March 1/ Sept. 1 | Dec. 1, 2029 * |
| 2022A Bonds | $2,445,000 | 4.00%-6.50% | Sept. 1 2024/2047 | March 1/ Sept. 1 | Dec. 1, 2029 * |
| 2023 Bonds | $14,500,000 | 4.00%-5.00% | Sept. 1 2025/2048 | March 1/ Sept. 1 | Aug. 1, 2029 * |
| 2023A Bonds | $6,335,000 | 4.00%-6.50% | Sept. 1 2025/2049 | March 1/ Sept. 1 | Oct. 1, 2029 * |
| 2023B Bonds | $5,500,000 | 5.00%-6.50% | Sept. 1 2025/2049 | March 1/ Sept. 1 | Nov. 1, 2029 * |
| 2024 Bonds | $10,100,000 | 4.00%-5.00% | Sept. 1 2026/2050 | March 1/ Sept. 1 | Sept 1, 2030 * |
| 2024A Bonds | $3,500,000 | 4.00%-6.50% | Sept. 1 2026/2051 | March 1/ Sept. 1 | Sept 1, 2030 * |

* Or any date thereafter in accordance with redemption provision of the bond resolution.

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2025, the debt service requirements on the bonds outstanding are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 1,530,000 | $ 2,914,242 | $ 4,444,242 |
| 2027 | 1,815,000 | 2,826,638 | 4,641,638 |
| 2028 | 1,970,000 | 2,732,954 | 4,702,954 |
| 2029 | 2,050,000 | 2,637,400 | 4,687,400 |
| 2030 | 2,140,000 | 2,538,635 | 4,678,635 |
| 2031-2035 | 12,145,000 | 11,340,778 | 23,485,778 |
| 2036-2040 | 14,965,000 | 8,769,795 | 23,734,795 |
| 2041-2045 | 18,520,000 | 5,487,831 | 24,007,831 |
| 2046-2050 | 15,555,000 | 1,673,028 | 17,228,028 |
| 2051-5052 | 1,095,000 | 32,619 | 1,127,619 |
| | $ 71,785,000 | $ 40,953,920 | $ 112,738,920 |

### Due To Developer

The District has entered into financing agreements with District developers (each a "Developer") for the financing of the construction of water, sanitary sewer and stormwater drainage facilities, as well as park and recreational and road facilities. Under the agreement the Developer agrees to fund construction and operating costs until such time as the District can sell bonds to reimburse the developer. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. Developer advances for operating costs are recorded in the year the advances are received. See Note 8 for information on additional unreimbursed developer costs.

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

| | Balance July 1, 2024 | Additions | Reductions | Balance June 30, 2025 | Amounts Due within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Bonds payable: | $ 59,080,000 | $ 13,600,000 | $ (895,000) | $ 71,785,000 | $ 1,530,000 |
| Unamortized bond discount | (1,506,958) | (290,896) | 75,629 | (1,722,225) | (75,630) |
| Due to developer | 6,850 | | (6,850) | | |
| **Total Long-term Debt** | $ 57,579,892 | $ 13,309,104 | $ (826,221) | $ 70,062,775 | $ 1,454,370 |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7 – BOND ANTICIPATION NOTE – SHORT-TERM DEBT

On December 20, 2023, the District issued a $5,950,00 Park Bond Anticipated Note ("BAN") for a partial reimbursement to the Developer for certain costs incurred related to the construction of District facilities. The BAN accrues interest at a rate of 5.63% per year and matures on December 19, 2024. On September 3, 2024, the District's repaid the note with proceeds from the Districts $10,100,000 Unlimited Tax Park Bonds, Series 2024.

The impact of the BAN on the District's short-term obligations are as follows:

| | | |
|---|---|---|
| **Beginning balance** | $ | 5,950,000 |
| BAN sold | | - |
| Principal retirements | | (5,950,000) |
| **Total Short-Term Debt** | $ | - |

### NOTE 8 - UNREIMBURSED DEVELOPER COSTS

As of June 30, 2025, the District has unreimbursed developer costs related to the construction of District facilities of approximately $39,854,628. Reimbursement to the Developer will come from future bond sales, subject to TCEQ approval and verification by the District's auditor. These projects will be reported in the government-wide financial statements upon completion of construction.

### NOTE 9 - UTILITY FUNCTIONS AND SERVICE ALLOCATION AGREEMENT

The District operates pursuant to a First Amended and Restated Utility Functions and Services Allocation Agreement (the "Utility Agreement") between the District and the City of Conroe (the "City"), dated July 14, 2016. Pursuant to the Utility Agreement, the City consented to the creation of the District within the city limits of the City, the District assumed responsibility for acquiring and constructing for the benefit of, and for ultimate conveyance to, the City, the water distribution, wastewater collection and drainage facilities to serve development occurring within the boundaries of the District, and the City agreed to accept the facilities for operation and maintenance in consideration for the District's financing, acquisition and construction of these facilities. The City shall provide retail water and sewer service, police, fire-fighting, first responder and trash services to all residents of the District at the same cost as other parts of the City. The District shall retain title to and shall be responsible for the operations and maintenance of recreational and detention facilities.

The Utility Agreement provides that the City pay an annual rebate to the District in the form of an annual payment. The annual rebate is determined by multiplying the City tax rate attributable to water, sewer and drainage facilities by the District's taxable assessed value divided by one hundred. The parties shall use the City's most recent Comprehensive Annual Financial Report to perform such re-evaluation.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10 - DEVELOPMENT, FINANCING AND ANNEXATION AGREEMENT

On February 15, 2017, the District entered into a Development, Financing and Annexation Agreement ("Agreement") with HF Holding Company, LLC d/b/a Woodlands HF Holding Company, LLC (the "Landowner") and HF Management Development Company, LLC, d/b/a Woodlands HF Management Development Company, LLC ("Affiliate") whereby the District agrees to annex land and provide water, sanitary sewer and stormwater drainage services, as well as park and recreational facilities and services and road facilities to the area covered in the Agreement. The Affiliate agrees at its cost and expense, but subject to the provision of the Agreement, to be responsible for the construction of and/or payment for all facilities necessary to provide said services. The District agrees to sell bonds for the purpose of paying and reimbursing the developer for the facilities to be constructed, owned and operated by the District in accordance with the terms of the Agreement.

### 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. The District has not significantly reduced insurance coverage or had settlements, which exceeded coverage amounts in this fiscal year.

### NOTE 12 - ECONOMIC DEPENDENCY AND DEFICIT NET POSITION

The District had a deficit net investment in capital assets of $48,119,929 which is primarily due to the conveyance of assets to the City of Conroe, pursuant to the District's Utility Agreement with the City of Conroe, and to the District's dependence on the Developer for operating advances to meet its financial obligations.

# REQUIRED SUPPLEMENTARY INFORMATION

# Montgomery County Municipal Utility District No. 128A

**Exhibit C(1)**

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

## For the Year Ended June 30, 2025

| | Budgeted Amounts | | | Variance Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues** | | | | |
| Property taxes | $ 769,456 | $ 769,456 | $ 623,240 | $ (146,216) |
| Investment earnings | 78,000 | 78,000 | 74,560 | (3,440) |
| Other income | | | 39,692 | 39,692 |
| **Total Revenues** | 847,456 | 847,456 | 737,492 | (109,964) |
| **Expenditures** | | | | |
| **Current:** | | | | |
| Professional fees | 150,494 | 150,494 | 126,839 | 23,655 |
| Contracted services | 76,000 | 76,000 | 82,240 | (6,240) |
| Administration and other | 73,379 | 73,379 | 65,259 | 8,120 |
| Other | 100,000 | 100,000 | 100,000 | |
| **Capital Outlay** | | | | |
| **Total Expenditures** | 399,873 | 399,873 | 374,338 | 25,535 |
| **(Deficiency) of Revenues (Under) Expenditures** | 447,583 | 447,583 | 363,154 | (84,429) |
| **Other Financing Sources (Uses)** | | | | |
| Internal Transfers In (Out) | | | (16,908) | (16,908) |
| **Change in Fund Balance** | 447,583 | 447,583 | 346,246 | (101,337) |
| Fund Balances - Beginning | 1,580,439 | 1,580,439 | 1,580,439 | |
| **Fund Balances - Ending** | $ 2,028,022 | $ 2,028,022 | $ 1,926,685 | $ (101,337) |

# Montgomery County Municipal Utility District No. 128A

**Exhibit C(2)**

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting and serves as a planning tool. Encumbrance accounting is not utilized.

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# TEXAS SUPPLEMENTARY INFORMATION

# Montgomery County Municipal Utility District No. 128A

## SCHEDULE OF SERVICES AND RATES

## For the Year Ended June 30, 2025

**1. Services provided by the District:**

| | | | | | |
|---|---|---|---|---|---|
| ___ | Retail Water | ___ | Wholesale Water | X | Drainage |
| ___ | Retail Sewer | ___ | Wholesale Sewer | ___ | Irrigation |
| X | Parks/Recreation | ___ | Fire Protection | ___ | Security |
| ___ | Solid Waste/Garbage | ___ | Flood Control | ___ | Roads |

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

___ Other (specify): _____

**2. Retail Service Providers**

**a. Retail rates based on 5/8" meter** Retail rates not applicable

The most prevalent type of meter (if not a 5/8"): Not Applicable

| | Minimum Charge | Minimum Usage | Flat Rate Y/N | Rate per 1,000 Gallons Over Minimum | Usage Levels |
|---|---|---|---|---|---|
| Water | N/A | N/A | N | N/A | 10,001-50,000 |
| | | | | N/A | 50,001 & over |
| Wastewater | N/A | N/A | N | N/A | 10,001-50,000 |
| | | | | N/A | 50,001 & over |

Wastewater is not metered.

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

Total charges per 10,000 gallons usage:

Water N/A Wastewater $ N/A

**b. Water and Wastewater Retail Connections:**

| Meter Size | Total Connections | Active Connections | ESFC Factor | Active ESFCs |
|---|---|---|---|---|
| < or = .75" | | | x 1.0 | |
| 1" | | | x 2.5 | |
| 1.5" | | | x 5.0 | |
| 2" | | | x 8.0 | |
| 3" | | | x 15.0 | |
| 4" | | | x 25.0 | |
| 6" | | | x 50.0 | |
| 8" | | | x 80.0 | |
| 10" | | | x 115.0 | |
| Total Water | | | | |
| Total Wastewater | | | x 1.0 | |

**3. Total Water Consumption During the Fiscal Year:** (Rounded to the nearest thousand)

Gallons pumped into system: N/A

Gallons billed to customers: N/A

Water Accountability Ratio (Gallons billed/Gallons pumped)

**4. Standby Fees**

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

If yes, date of the most recent Commission Order _____

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

If yes, date of the most recent Commission Order _____

**5. Location of District:**

County(ies) in which District is located. Montgomery

Is the District located entirely within one county? Yes _X_ No ___

Is the District located within a city? Entirely _X_ Partly ___ Not at all ___

City(ies) in which District is located. City of Conroe, Texas

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

Entirely ___ Partly ___ Not at all _X_

ETJ's in which District is located. _____

Are Board members appointed by an office outside the District?

Yes ___ No _X_

If yes, by whom? _____

# Montgomery County Municipal Utility District No. 128A

**TSI-2**

## SCHEDULE OF GENERAL FUND EXPENDITURES

## For the Year Ended June 30, 2025

| | | |
|---|---|---|
| **Current** | | |
| **Professional Fees:** | | |
| Auditing | $ | 11,250 |
| Legal | | 88,409 |
| Engineering | | 27,180 |
| | | 126,839 |
| **Contracted Services:** | | |
| Bookkeeping | | 46,740 |
| Other contracted services | | 35,500 |
| | | 82,240 |
| **Administrative Expenditures:** | | |
| Directors fees | | 11,271 |
| Insurance | | 33,451 |
| Other | | 20,537 |
| | | 65,259 |
| **Other** | | 100,000 |
| **Total Expenditures** | $ | 374,338 |

# Montgomery County Municipal Utility District No. 128A

**TSI-3**

## SCHEDULE OF TEMPORARY INVESTMENTS

## For the Year Ended June 30, 2025

| Funds | Identification or Certificate Number | Interest Rate (%) | Maturity Date | Balances at June 30, 2025 | Accrued Interest |
|---|---|---|---|---|---|
| **General Fund** | | | | | |
| Texas CLASS | | N/A | N/A | $ 1,880,326 | $ |
| **Total General Fund** | | | | 1,880,326 | |
| **Debt Service Fund** | | | | | |
| Texas CLASS | | N/A | N/A | 1,327,131 | |
| Texas CLASS | | N/A | N/A | 4,113,015 | |
| **Total Debt Service Fund** | | | | 5,440,146 | |
| **Capital Projects Fund** | | | | | |
| Texas CLASS | | N/A | N/A | 45,211 | |
| Texas CLASS | | | | 43,859 | |
| Texas CLASS | | | | 86,014 | |
| | | | | 272,371 | |
| | | | | 733,470 | |
| Texas CLASS | | N/A | N/A | 33,738 | |
| **Total Capital Projects Fund** | | | | 1,214,663 | |
| **Total All Funds** | | | | $ 8,535,135 | $ |

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# Montgomery County Municipal Utility District No. 128A

**TSI-4**

## ANALYSIS OF TAXES LEVIED AND RECEIVABLE

## For the Year Ended June 30, 2025

| | General Fund | Debt Service Fund | Total |
|---|---|---|---|
| Taxes Receivable - July 01, 2024 | $ 12,911 | $ 59,728 | $ 72,639 |
| Additions and corrections-prior years | 1,230 | 5,742 | 6,972 |
| Adjusted Taxes Receivable - July 01, 2024 | 14,141 | 65,470 | 79,611 |
| 2024 Original Tax Roll | 626,185 | 4,527,800 | 5,153,985 |
| Additions and corrections-current year | 357 | 2,577 | 2,934 |
| Adjusted tax roll | 626,542 | 4,530,377 | 5,156,919 |
| Rollback Taxes | 471 | 1,798 | 2,269 |
| **Total to be Accounted for** | 641,154 | 4,597,645 | 5,238,799 |
| **Tax Collections** | | | |
| Current year | 613,063 | 4,432,916 | 5,045,979 |
| Prior years | 10,177 | 46,723 | 56,900 |
| **Total Collections** | 623,240 | 4,479,639 | 5,102,879 |
| **Taxes Receivable - June 30, 2025** | $ 17,914 | $ 118,006 | $ 135,920 |
| **Taxes Receivable - By Tax Year** | | | |
| 2024 | $ 13,478 | $ 97,460 | $ 110,938 |
| 2023 | 4,436 | 20,546 | 24,982 |
| 2022 | | | |
| 2021 | | | |
| 2020 and prior | | | |
| **Taxes Receivable - June 30, 2025** | $ 17,914 | $ 118,006 | $ 135,920 |

| | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| **Property Valuations** | | | | |
| Land | 99,667,231 | 82,127,570 | 60,215,660 | 39,188,820 |
| Improvements | 446,927,288 | 361,686,991 | 219,682,670 | 88,318,380 |
| Personal Property | 787,242 | 622,806 | 432,301 | 433,411 |
| Exemptions | (65,426,710) | (34,130,506) | (19,632,505) | (8,291,421) |
| **Total Property Valuations** | $ 481,955,051 | $ 410,306,861 | $ 260,698,126 | $ 119,649,190 |
| **Tax Rates Per $100 Valuations** | | | | |
| Debt service | $ 0.940 | $ 0.880 | $ 0.900 | $ 0.720 |
| Maintenance & operations * | 0.130 | 0.190 | 0.200 | 0.380 |
| **Total Tax Rate per $100 Valuation** | $ 1.070 | $ 1.070 | $ 1.100 | $ 1.100 |
| **Tax Levy*** | $ 5,156,919 | $ 4,390,283 | $ 2,867,679 | 1,316,141 |
| Percent of taxes collected to taxes levied (as adjusted) | 97.8% | 100.0% | 100.0% | 100.0% |

* Maximum tax rate approved by voters: $1.50 on May 9th, 2017.

# Montgomery County Municipal Utility District No. 128A

## LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS

## June 30, 2025

| Due During Fiscal Year Ending June 30, | Total All Series | | | Series 2020 | | |
|---|---|---|---|---|---|---|
| | Principal Due September 1 | Interest Due September 1 March 1, | Total | Principal Due September 1 | Interest Due September 1 March 1, | Total |
| 2026 | $ 1,530,000 | $ 2,914,242 | $ 4,444,242 | $ 195,000 | $ 140,253 | $ 335,253 |
| 2027 | 1,815,000 | 2,826,638 | 4,641,638 | 200,000 | 131,375 | 331,375 |
| 2028 | 1,970,000 | 2,732,954 | 4,702,954 | 205,000 | 124,816 | 329,816 |
| 2029 | 2,050,000 | 2,637,400 | 4,687,400 | 210,000 | 119,887 | 329,887 |
| 2030 | 2,140,000 | 2,538,635 | 4,678,635 | 215,000 | 114,841 | 329,841 |
| 2031 | 2,235,000 | 2,445,554 | 4,680,554 | 225,000 | 109,615 | 334,615 |
| 2032 | 2,325,000 | 2,359,851 | 4,684,851 | 230,000 | 104,212 | 334,212 |
| 2033 | 2,425,000 | 2,272,023 | 4,697,023 | 235,000 | 98,691 | 333,691 |
| 2034 | 2,530,000 | 2,180,061 | 4,710,061 | 245,000 | 92,991 | 337,991 |
| 2035 | 2,630,000 | 2,083,291 | 4,713,291 | 250,000 | 87,112 | 337,112 |
| 2036 | 2,745,000 | 1,980,688 | 4,725,688 | 260,000 | 81,056 | 341,056 |
| 2037 | 2,865,000 | 1,872,943 | 4,737,943 | 265,000 | 74,822 | 339,822 |
| 2038 | 2,985,000 | 1,759,558 | 4,744,558 | 275,000 | 68,238 | 343,238 |
| 2039 | 3,115,000 | 1,640,557 | 4,755,557 | 285,000 | 61,238 | 346,238 |
| 2040 | 3,255,000 | 1,516,051 | 4,771,051 | 290,000 | 54,050 | 344,050 |
| 2041 | 3,400,000 | 1,385,033 | 4,785,033 | 300,000 | 46,675 | 346,675 |
| 2042 | 3,545,000 | 1,247,457 | 4,792,457 | 310,000 | 39,050 | 349,050 |
| 2043 | 3,690,000 | 1,103,557 | 4,793,557 | 320,000 | 30,975 | 350,975 |
| 2044 | 3,860,000 | 953,754 | 4,813,754 | 330,000 | 22,444 | 352,444 |
| 2045 | 4,025,000 | 798,032 | 4,823,032 | 340,000 | 13,650 | 353,650 |
| 2046 | 4,205,000 | 634,167 | 4,839,167 | 350,000 | 4,594 | 354,594 |
| 2047 | 3,790,000 | 469,095 | 4,259,095 | | | |
| 2048 | 3,425,000 | 310,084 | 3,735,084 | | | |
| 2049 | 2,510,000 | 176,163 | 2,686,163 | | | |
| 2050 | 1,625,000 | 83,519 | 1,708,519 | | | |
| 2051 | 875,000 | 27,944 | 902,944 | | | |
| 2052 | 220,000 | 4,675 | 224,675 | | | |
| **Totals** | $ 71,785,000 | $ 40,953,920 | $ 112,738,920 | $ 5,535,000 | $ 1,620,585 | $ 7,155,585 |

| Due During Fiscal Year Ending June 30, | Series 2020A | | | Series 2021 | | |
|---|---|---|---|---|---|---|
| | Principal Due September 1 | Interest Due September 1 March 1, | Total | Principal Due September 1 | Interest Due September 1 March 1, | Total |
| 2026 | $ 125,000 | $ 94,700 | $ 219,700 | $ 150,000 | $ 122,800 | $ 272,800 |
| 2027 | 130,000 | 88,650 | 218,650 | 155,000 | 118,225 | 273,225 |
| 2028 | 135,000 | 84,037 | 219,037 | 155,000 | 113,575 | 268,575 |
| 2029 | 140,000 | 80,600 | 220,600 | 160,000 | 108,850 | 268,850 |
| 2030 | 145,000 | 77,037 | 222,037 | 165,000 | 103,975 | 268,975 |
| 2031 | 150,000 | 73,350 | 223,350 | 170,000 | 98,950 | 268,950 |
| 2032 | 150,000 | 69,600 | 219,600 | 175,000 | 93,775 | 268,775 |
| 2033 | 155,000 | 65,787 | 220,787 | 180,000 | 88,450 | 268,450 |
| 2034 | 160,000 | 61,850 | 221,850 | 190,000 | 82,900 | 272,900 |
| 2035 | 165,000 | 57,788 | 222,788 | 195,000 | 77,613 | 272,613 |
| 2036 | 170,000 | 53,600 | 223,600 | 200,000 | 72,675 | 272,675 |
| 2037 | 175,000 | 49,288 | 224,288 | 205,000 | 67,613 | 272,613 |
| 2038 | 180,000 | 44,850 | 224,850 | 210,000 | 62,425 | 272,425 |
| 2039 | 185,000 | 40,287 | 225,287 | 220,000 | 57,050 | 277,050 |
| 2040 | 190,000 | 35,600 | 225,600 | 225,000 | 51,488 | 276,488 |
| 2041 | 200,000 | 30,725 | 230,725 | 230,000 | 45,513 | 275,513 |
| 2042 | 205,000 | 25,662 | 230,662 | 240,000 | 39,050 | 279,050 |
| 2043 | 210,000 | 20,344 | 230,344 | 245,000 | 32,381 | 277,381 |
| 2044 | 215,000 | 14,766 | 229,766 | 250,000 | 25,575 | 275,575 |
| 2045 | 225,000 | 8,991 | 233,991 | 260,000 | 18,563 | 278,563 |
| 2046 | 230,000 | 3,019 | 233,019 | 270,000 | 11,275 | 281,275 |
| 2047 | | | | 275,000 | 3,782 | 278,782 |
| 2048 | | | | | | |
| 2049 | | | | | | |
| 2050 | | | | | | |
| 2051 | | | | | | |
| 2052 | | | | | | |
| **Totals** | $ 3,640,000 | $ 1,080,531 | $ 4,720,531 | $ 4,525,000 | $ 1,496,503 | $ 6,021,503 |

| Due During Fiscal Year Ending June 30, | Series 2021A Principal Due September 1 | Series 2021A Interest Due September 1 March 1, | Series 2021A Total | Series 2022 Principal Due September 1 | Series 2022 Interest Due September 1 March 1, | Series 2022 Total |
|---|---|---|---|---|---|---|
| 2026 | $ 130,000 | $ 102,344 | $ 232,344 | $ 275,000 | $ 590,388 | $ 865,388 |
| 2027 | 130,000 | 96,494 | 226,494 | 290,000 | 572,025 | 862,025 |
| 2028 | 135,000 | 92,219 | 227,219 | 305,000 | 552,688 | 857,688 |
| 2029 | 140,000 | 89,469 | 229,469 | 320,000 | 532,375 | 852,375 |
| 2030 | 145,000 | 86,619 | 231,619 | 340,000 | 510,925 | 850,925 |
| 2031 | 150,000 | 82,919 | 232,919 | 355,000 | 492,775 | 847,775 |
| 2032 | 155,000 | 78,344 | 233,344 | 375,000 | 478,175 | 853,175 |
| 2033 | 160,000 | 73,619 | 233,619 | 395,000 | 462,281 | 857,281 |
| 2034 | 160,000 | 69,319 | 229,319 | 415,000 | 445,069 | 860,069 |
| 2035 | 165,000 | 65,459 | 230,459 | 435,000 | 425,375 | 860,375 |
| 2036 | 170,000 | 61,375 | 231,375 | 460,000 | 403,000 | 863,000 |
| 2037 | 175,000 | 57,063 | 232,063 | 485,000 | 379,375 | 864,375 |
| 2038 | 180,000 | 52,175 | 232,175 | 510,000 | 354,500 | 864,500 |
| 2039 | 190,000 | 46,625 | 236,625 | 535,000 | 328,375 | 863,375 |
| 2040 | 195,000 | 40,850 | 235,850 | 565,000 | 300,875 | 865,875 |
| 2041 | 200,000 | 34,925 | 234,925 | 595,000 | 271,875 | 866,875 |
| 2042 | 205,000 | 28,850 | 233,850 | 625,000 | 241,375 | 866,375 |
| 2043 | 210,000 | 22,625 | 232,625 | 660,000 | 209,250 | 869,250 |
| 2044 | 220,000 | 17,275 | 237,275 | 695,000 | 175,375 | 870,375 |
| 2045 | 225,000 | 12,825 | 237,825 | 730,000 | 139,750 | 869,750 |
| 2046 | 230,000 | 7,988 | 237,988 | 770,000 | 102,250 | 872,250 |
| 2047 | 240,000 | 2,700 | 242,700 | 810,000 | 62,750 | 872,750 |
| 2048 | | | | 850,000 | 21,250 | 871,250 |
| 2049 | | | | | | |
| 2050 | | | | | | |
| 2051 | | | | | | |
| 2052 | | | | | | |
| **Totals** | $ 3,910,000 | $ 1,222,081 | $ 5,132,081 | $ 11,795,000 | $ 8,052,075 | $ 19,847,075 |

| Due During Fiscal Year Ending June 30, | Series 2022A Principal Due September 1 | Series 2022A Interest Due September 1 March 1, | Series 2022A Total | Series 2023 Principal Due September 1 | Series 2023 Interest Due September 1 March 1, | Series 2023 Total |
|---|---|---|---|---|---|---|
| 2026 | $ 60,000 | $ 122,725 | $ 182,725 | $ 345,000 | $ 595,119 | $ 940,119 |
| 2027 | 60,000 | 118,825 | 178,825 | 365,000 | 577,368 | 942,368 |
| 2028 | 65,000 | 114,763 | 179,763 | 380,000 | 558,744 | 938,744 |
| 2029 | 65,000 | 110,538 | 175,538 | 395,000 | 539,369 | 934,369 |
| 2030 | 70,000 | 106,150 | 176,150 | 415,000 | 520,156 | 935,156 |
| 2031 | 75,000 | 102,375 | 177,375 | 435,000 | 502,119 | 937,119 |
| 2032 | 80,000 | 99,275 | 179,275 | 455,000 | 484,319 | 939,319 |
| 2033 | 80,000 | 95,875 | 175,875 | 475,000 | 465,719 | 940,719 |
| 2034 | 85,000 | 92,163 | 177,163 | 495,000 | 446,319 | 941,319 |
| 2035 | 90,000 | 88,000 | 178,000 | 515,000 | 426,119 | 941,119 |
| 2036 | 95,000 | 83,375 | 178,375 | 540,000 | 405,019 | 945,019 |
| 2037 | 100,000 | 78,500 | 178,500 | 565,000 | 382,919 | 947,919 |
| 2038 | 105,000 | 73,375 | 178,375 | 590,000 | 359,819 | 949,819 |
| 2039 | 110,000 | 68,000 | 178,000 | 615,000 | 335,719 | 950,719 |
| 2040 | 115,000 | 62,375 | 177,375 | 645,000 | 310,519 | 955,519 |
| 2041 | 125,000 | 56,375 | 181,375 | 675,000 | 284,119 | 959,119 |
| 2042 | 130,000 | 50,000 | 180,000 | 705,000 | 256,519 | 961,519 |
| 2043 | 135,000 | 43,375 | 178,375 | 735,000 | 227,719 | 962,719 |
| 2044 | 145,000 | 36,375 | 181,375 | 770,000 | 197,618 | 967,618 |
| 2045 | 150,000 | 29,000 | 179,000 | 800,000 | 166,219 | 966,219 |
| 2046 | 160,000 | 21,250 | 181,250 | 840,000 | 132,894 | 972,894 |
| 2047 | 170,000 | 13,000 | 183,000 | 875,000 | 97,522 | 972,522 |
| 2048 | 175,000 | 4,375 | 179,375 | 915,000 | 60,031 | 975,031 |
| 2049 | | | | 955,000 | 20,294 | |
| 2050 | | | | | | |
| 2051 | | | | | | |
| 2052 | | | | | | |
| **Totals** | $ 2,445,000 | $ 1,670,063 | $ 4,115,063 | $ 14,500,000 | $ 8,352,281 | $ 21,876,987 |

# Montgomery County Municipal Utility District No. 128A

## LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS

## June 30, 2025

| Due During Fiscal Year Ending June 30, | Series 2023A Principal Due September 1 | Series 2023A Interest Due September 1 March 1, | Series 2023A Total | Series 2023B Principal Due September 1 | Series 2023B Interest Due September 1 March 1, | Series 2023B Total |
|---|---|---|---|---|---|---|
| 2026 | $ 140,000 | $ 291,363 | $ 431,363 | $ 110,000 | $ 280,650 | $ 390,650 |
| 2027 | 150,000 | 281,938 | 431,938 | 115,000 | 273,338 | 388,338 |
| 2028 | 155,000 | 272,025 | 427,025 | 125,000 | 265,538 | 390,538 |
| 2029 | 165,000 | 261,625 | 426,625 | 130,000 | 257,250 | 387,250 |
| 2030 | 170,000 | 250,738 | 420,738 | 135,000 | 248,638 | 383,638 |
| 2031 | 175,000 | 241,713 | 416,713 | 145,000 | 240,625 | 385,625 |
| 2032 | 185,000 | 234,513 | 419,513 | 150,000 | 233,250 | 383,250 |
| 2033 | 195,000 | 226,913 | 421,913 | 160,000 | 225,500 | 385,500 |
| 2034 | 200,000 | 219,013 | 419,013 | 170,000 | 217,250 | 387,250 |
| 2035 | 210,000 | 210,812 | 420,812 | 175,000 | 208,625 | 383,625 |
| 2036 | 220,000 | 202,075 | 422,075 | 185,000 | 199,625 | 384,625 |
| 2037 | 230,000 | 192,650 | 422,650 | 195,000 | 190,125 | 385,125 |
| 2038 | 240,000 | 182,663 | 422,663 | 205,000 | 180,125 | 385,125 |
| 2039 | 250,000 | 172,250 | 422,250 | 215,000 | 169,625 | 384,625 |
| 2040 | 265,000 | 161,306 | 426,306 | 230,000 | 158,500 | 388,500 |
| 2041 | 275,000 | 149,488 | 424,488 | 240,000 | 146,750 | 386,750 |
| 2042 | 285,000 | 136,888 | 421,888 | 255,000 | 134,375 | 389,375 |
| 2043 | 300,000 | 123,725 | 423,725 | 265,000 | 121,375 | 386,375 |
| 2044 | 315,000 | 109,888 | 424,888 | 280,000 | 107,750 | 387,750 |
| 2045 | 330,000 | 95,375 | 425,375 | 295,000 | 93,375 | 388,375 |
| 2046 | 345,000 | 79,972 | 424,972 | 310,000 | 78,250 | 388,250 |
| 2047 | 360,000 | 63,669 | 423,669 | 325,000 | 62,375 | 387,375 |
| 2048 | 375,000 | 46,672 | 421,672 | 345,000 | 45,625 | 390,625 |
| 2049 | 390,000 | 28,738 | 418,738 | 360,000 | 28,000 | 388,000 |
| 2050 | 410,000 | 9,738 | 419,738 | 380,000 | 9,500 | |
| 2051 | | | | | | |
| 2052 | | | | | | |
| **Totals** | $ 6,335,000 | $ 4,245,750 | $ 10,580,750 | $ 5,500,000 | $ 4,176,039 | $ 9,286,539 |

| Due During Fiscal Year Ending June 30, | Series 2024 | | | Series 2024A | | |
|---|---|---|---|---|---|---|
| | Principal Due September 1 | Interest Due September 1 March 1, | Total | Principal Due September 1 | Interest Due September 1 March 1, | Total |
| 2026 | $ | $ 422,244 | $ 422,244 | $ | $ 151,656 | $ 151,656 |
| 2027 | 220,000 | 416,744 | 636,744 | | 151,656 | 151,656 |
| 2028 | 230,000 | 405,494 | 635,494 | 80,000 | 149,056 | 229,056 |
| 2029 | 240,000 | 393,744 | 633,744 | 85,000 | 143,694 | 228,694 |
| 2030 | 250,000 | 381,494 | 631,494 | 90,000 | 138,063 | 228,063 |
| 2031 | 265,000 | 368,619 | 633,619 | 90,000 | 132,494 | 222,494 |
| 2032 | 275,000 | 356,494 | 631,494 | 95,000 | 127,894 | 222,894 |
| 2033 | 290,000 | 345,194 | 635,194 | 100,000 | 123,994 | 223,994 |
| 2034 | 305,000 | 333,294 | 638,294 | 105,000 | 119,894 | 224,894 |
| 2035 | 320,000 | 320,794 | 640,794 | 110,000 | 115,594 | 225,594 |
| 2036 | 330,000 | 307,794 | 637,794 | 115,000 | 111,094 | 226,094 |
| 2037 | 350,000 | 294,194 | 644,194 | 120,000 | 106,394 | 226,394 |
| 2038 | 365,000 | 279,894 | 644,894 | 125,000 | 101,494 | 226,494 |
| 2039 | 380,000 | 264,994 | 644,994 | 130,000 | 96,394 | 226,394 |
| 2040 | 400,000 | 249,394 | 649,394 | 135,000 | 91,094 | 226,094 |
| 2041 | 420,000 | 232,994 | 652,994 | 140,000 | 85,594 | 225,594 |
| 2042 | 440,000 | 215,794 | 655,794 | 145,000 | 79,894 | 224,894 |
| 2043 | 460,000 | 197,794 | 657,794 | 150,000 | 73,994 | 223,994 |
| 2044 | 480,000 | 178,994 | 658,994 | 160,000 | 67,694 | 227,694 |
| 2045 | 505,000 | 159,294 | 664,294 | 165,000 | 60,991 | 225,991 |
| 2046 | 530,000 | 138,594 | 668,594 | 170,000 | 54,081 | 224,081 |
| 2047 | 555,000 | 116,547 | 671,547 | 180,000 | 46,750 | 226,750 |
| 2048 | 580,000 | 93,138 | 673,138 | 185,000 | 38,994 | 223,994 |
| 2049 | 610,000 | 68,213 | 678,213 | 195,000 | 30,919 | 225,919 |
| 2050 | 635,000 | 41,756 | 676,756 | 200,000 | 22,525 | 222,525 |
| 2051 | 665,000 | 14,131 | 679,131 | 210,000 | 13,813 | 223,813 |
| 2052 | | | | 220,000 | 4,675 | 224,675 |
| **Totals** | $ 10,100,000 | $ 6,597,628 | $ 16,697,628 | $ 3,500,000 | $ 2,440,385 | $ 5,940,385 |

# Montgomery County Municipal Utility District No. 128A

## ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

## For the Year Ended June 30, 2025

| | 2020 | 2020A | 2021 | 2021A | 2022 |
|---|---|---|---|---|---|
| Interest rate | 2.375-4.875% | 2.50-5.00% | 2.50-3.00% | 2.00-4.50% | 4.00-6.50% |
| Dates interest payable | 9/1;3/1 | 9/1;3/1 | 9/1;3/1 | 9/1;3/1 | 9/1;3/1 |
| Maturity dates | 9/1/24-9/1/45 | 9/1/24-9/1/45 | 9/1/24-9/1/46 | 9/1/24-9/1/46 | 9/1/24-9/1/47 |
| Callable dates | 9/1/2025 | 9/1/2025 | 9/1/2026 | 9/1/2026 | 12/1/2029 |
| Original issue amount | $ 6,075,000 | $ 4,000,000 | $ 4,810,000 | $ 4,155,000 | $ 12,055,000 |
| Bonds outstanding at beginning of year | $ 5,720,000 | $ 3,765,000 | $ 4,670,000 | $ 4,035,000 | $ 12,055,000 |
| Bonds sold | | | | | |
| Bonds refunded | | | | | |
| Principal retirements | (185,000) | (125,000) | (145,000) | (125,000) | (260,000) |
| **Bonds Outstanding at End of Current Year** | $ 5,535,000 | $ 3,640,000 | $ 4,525,000 | $ 3,910,000 | $ 11,795,000 |
| **Interest Retirements** | $ 149,516 | $ 100,950 | $ 127,225 | $ 108,081 | $ 607,775 |

**Paying Agent/Registrar**
All Series Amegy Bank of Texas

| Bond Authority | Tax Bonds |
|---|---|
| Amount authorized | |
| Water, wastewater & drainage | $ 132,000,000 |
| Recreational | 56,000,000 |
| Road | 42,000,000 |
| Amount issued | |
| Water, wastewater & drainage | 46,440,000 |
| Recreational | 10,100,000 |
| Road | 16,990,000 |
| Remaining | $ 156,470,000 |

| | |
|---|---|
| Debt Service Fund Cash and Temporary Investment Balances at End of Year | $ 5,637,749 |
| Average Annual Debt Service Payment for Remaining Term of all Debt | $ 4,175,516 |

| 2022A | 2023 | 2023A | 2023B | 2024 | 2024A | Total |
|---|---|---|---|---|---|---|
| 4.00-6.50% | 4.00-5.0% | 4.00-6.50% | 5.00-6.50% | 4.00-5.00% | 4.00-6.50% | |
| 9/1;3/1 | 9/1;3/1 | 9/1;3/1 | 9/1;3/1 | 9/1;3/1 | 9/1;3/1 | |
| 9/1/24-<br>9/1/47 | 9/1/25-<br>9/1/48 | 9/1/25-<br>9/1/49 | 9/1/25-<br>9/1/49 | 9/1/2026-<br>9/1/2050 | 9/1/2026-<br>9/1/2051 | |
| 12/1/2029 | 8/1/2029 | 10/1/2029 | 11/1/2029 | 9/1/2030 | 9/1/2030 | |
| $ 2,500,000 | $ 14,500,000 | $ 6,335,000 | $ 5,500,000 | $ 10,100,000 | $ 3,500,000 | |
| $ 2,500,000 | $ 14,500,000 | $ 6,335,000 | $ 5,500,000 | $ | $ | $ 59,080,000 |
| | | | | 10,100,000 | 3,500,000 | 13,600,000 |
| (55,000) | | | | | | (895,000) |
| $ 2,445,000 | $ 14,500,000 | $ 6,335,000 | $ 5,500,000 | $ 10,100,000 | $ 3,500,000 | $ 71,785,000 |
| $ 126,462 | $ 603,744 | $ 295,913 | $ 284,225 | $ 208,776 | $ 30,331 | $ 2,642,998 |

# Montgomery County Municipal Utility District No. 128A

## COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL AND DEBT SERVICE FUNDS

## Last Five Fiscal Years

| | Amounts | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 |
| **General Fund Revenues** | | | | | |
| Property taxes | $ 623,240 | $ 780,242 | $ 516,713 | $ 463,168 | $ 568,644 |
| Penalties and interest | | | | | |
| Interest and other | 114,252 | 102,412 | 53,707 | 14,157 | 5,156 |
| **Total Revenues** | 737,492 | 882,654 | 570,420 | 477,325 | 573,800 |
| **General Fund Expenditures** | | | | | |
| Current | 374,338 | 366,251 | 269,613 | 173,233 | 181,686 |
| Capital outlay | | | | | 243,477 |
| **Total Expenditures** | 374,338 | 366,251 | 269,613 | 173,233 | 425,163 |
| **Revenues Over (Under) Expenditures** | $ 363,154 | $ 516,403 | $ 300,807 | $ 304,092 | $ 148,637 |
| **Debt Service Fund Revenues** | | | | | |
| Property taxes | $ 4,479,639 | $ 3,584,475 | $ 2,330,191 | $ 850,719 | $ 130,905 |
| Penalty and interest | 43,806 | 27,066 | 9,956 | 4,619 | 1,338 |
| Interest | 174,803 | 149,763 | 56,958 | 2,662 | 345 |
| **Total Revenues** | 4,698,248 | 3,761,304 | 2,397,105 | 858,000 | 132,588 |
| **Debt Service Fund Expenditures** | | | | | |
| Tax collection | 89,104 | 52,754 | 40,730 | 40,195 | 25,317 |
| Debt service | 3,542,398 | 2,365,218 | 997,588 | 356,098 | 77,373 |
| **Total Expenditures** | 3,631,502 | 2,417,972 | 1,038,318 | 396,293 | 102,690 |
| **Revenues Over (Under) Expenditures** | $ 1,066,746 | $ 1,343,332 | $ 1,358,787 | $ 461,707 | $ 29,898 |

| Percent of Total Fund Revenues | | | | |
|---|---|---|---|---|
| 2025 | 2024 | 2023 | 2022 | 2021 |
| 84.5 % | 88.4 % | 90.6 % | 97.0 % | 99.1 % |
| 15.5 | 11.6 | 9.4 | 3.0 | 0.9 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 50.8 | 41.5 | 47.3 | 36.3 | 31.7 |
| | | | | 42.4 |
| 50.8 | 41.5 | 47.3 | 36.3 | 74.1 |
| 49.2 % | 58.5 % | 52.7 % | 63.7 % | 25.9 % |
| 95.3 % | 95.3 % | 97.2 % | 99.2 % | 98.7 % |
| 0.9 | 0.7 | 0.4 | 0.5 | 1.0 |
| 3.8 | 4.0 | 2.4 | 0.3 | 0.3 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1.9 | 1.4 | 1.7 | 4.7 | 19.1 |
| 75.4 | 62.9 | 41.6 | 41.5 | 58.4 |
| 77.3 | 64.3 | 43.3 | 46.2 | 77.5 |
| 22.7 % | 35.7 % | 56.7 % | 53.8 % | 22.5 % |

# Montgomery County Municipal Utility District No. 128A

**TSI-8**

## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

## June 30, 2025

| | |
|---|---|
| District's Mailing Address: | 1300 Post Oak Blvd., Suite 2400<br>Houston, Texas |
| District's Business Telephone Number: | (713) 623-4531 |
| Submission Date of most recent District Registration Form (TWC Sections 36.054 and 49.054) | 22-May-24 |
| Limit on Fees of Office that a Director may receive during a fiscal year (Set by Board Resolution - TWC Section 49.6000): | $ 7,200 |

| Names | Term or Date Hired | Fees of Office Paid | Expenses | Title at Year-End |
|---|---|---|---|---|
| **Board Members** | | | | |
| Bradley Rich | Elected 4/24-5/28 | $ 1,989 | $ | President |
| Skip Downham | Elected 5/22-5/26 | 2,431 | | Vice President |
| Jana Miller | Elected 5/24-5/28 | 2,652 | | Secretary |
| Leslie Selmser | Elected 5/24-5/28 | 2,431 | | Assistant Secretary |
| Ed Jones | Elected 5/22-5/26 | 1,768 | | Assistant Secretary |
| **Consultants** | | | | |
| Schwartz, Page & Harding, L.L.P. | 12/19/2014 | 87,693<br>361,990 | | Attorney<br>Bond Counsel |
| B&A Municipal Tax Services, L.P. | 9/25/2017 | 39,586 | | Tax Assessor/ Collector |
| LJA Engineering, Inc. | 12/19/2014 | 78,091 | | Engineer |
| Municipal Accounts & Consulting, L.P. | 9/21/2015 | 56,974 | | Bookkeeper |
| Knox Cox & Co., L.L.P. | 6/27/2018 | 21,050 | | Independent Auditor |
| R.W. Baird & Co. | 9/21/2015 | 277,988 | | Financial Advisor |
| Perdue, Brandon, Fielder, Collins & Motts, L.L.P. | 1/22/2018 | 8,333 | | Delinquent Tax Attorney |