OFFICIAL STATEMENT DATED NOVEMBER 12, 2026

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT (HEREIN DEFINED), AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "LEGAL MATTERS" and "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District has not designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

S&P Global Ratings (AG Insured)……."AA"
See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATING."

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

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

$5,000,000
Unlimited Tax Road Bonds
Series 2026A

Dated: December 1, 2026
Interest Accrues from: Date of Delivery **Due: September 1, as shown on the inside cover**

The $5,000,000 Montgomery County Municipal Utility District No. 176 Unlimited Tax Road Bonds, Series 2026A (the "Bonds") are obligations of Montgomery County Municipal Utility District No. 176 (the "District") and are not obligations of the State of Texas ("Texas"); Montgomery County, Texas (the "County"); the City of Willis, Texas (the "City"); or any entity other than the District. Neither the full faith and credit nor the taxing power of Texas; the County; the City; nor any entity other than the District is pledged to the payment of principal of or interest on the Bonds.

The Bonds are dated December 1, 2026, and will accrue interest from the date of delivery, which is expected to be on or about December 14, 2026 (the "Date of Delivery"), 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 and will be calculated on the basis of a 360-day year composed of 12, 30-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of $5,000 or any integral multiple thereof, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until The DTC resigns or is discharged. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The District has designated Zions Bancorporation, National Association, Houston, Texas, as the initial paying agent/registrar for the Bonds (the "Paying Agent/Registrar").

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

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

The Bonds represent the second series of unlimited tax bonds issued by the District from a total of $71,500,000 principal amount of unlimited tax bonds authorized by voters of the District for the purpose of constructing or acquiring a road system to serve the District. See "THE BONDS – Authority for Issuance."

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 against all taxable property within the District. See "THE BONDS – Source of Payment."

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

The Bonds are offered, when, as and if issued by the District, subject, among other things to the approval of the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C. ("Bond Counsel"). Delivery of the Bonds is expected through the facilities of DTC on or about December 14, 2026.

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

$5,000,000 Montgomery County Municipal Utility District No. 176 Unlimited Tax Road Bonds, Series 2026A

$2,135,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61375R (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 61375R (b)
2028	$ 105,000	7.500%	3.500%	BZ1	2035 (c)	$ 155,000	5.000%	4.050%	CG2
2029	110,000	7.000%	3.550%	CA5	2036 (c)	160,000	5.000%	4.250%	CH0
2030	115,000	7.000%	3.600%	CB3	2037 (c)	170,000	5.000%	4.400%	CJ6
2031	125,000	7.000%	3.700%	CC1	2038 (c)	180,000	5.000%	4.550%	CK3
2032 (c)	130,000	7.000%	3.800%	CD9	2039 (c)	190,000	5.000%	4.650%	CL1
2033 (c)	140,000	5.000%	3.900%	CE7	2040 (c)	200,000	5.000%	4.750%	CM9
2034 (c)	145,000	5.000%	4.000%	CF4	2041 (c)	210,000	5.000%	4.850%	CN7

$2,865,000 Term Bonds

$460,000 Term Bond Due September 1, 2043 (c)(d), Interest Rate: 5.000% (Price: $99.432) (a), CUSIP No. 61375R CQ0 (b)

$510,000 Term Bond Due September 1, 2045 (c)(d), Interest Rate: 5.000% (Price: $98.795) (a), CUSIP No. 61375R CS6 (b)

$565,000 Term Bond Due September 1, 2047 (c)(d), Interest Rate: 5.000% (Price: $98.095) (a), CUSIP No. 61375R CU1 (b)

$630,000 Term Bond Due September 1, 2049 (c)(d) , Interest Rate: 5.000% (Price: $97.344) (a), CUSIP No. 61375R CW7 (b)

$700,000 Term Bond Due September 1, 2051 (c)(d), Interest Rate: 5.000%,(Price: $96.553) (a), CUSIP No. 61375R CY3 (b)

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

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds. None of the District, the Financial Advisor (herein defined), or the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers.

(c) Bonds maturing on September 1, 2032, and thereafter, shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

(d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in each of the years and in the principal amounts set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by Hilltop Securities Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" at a price of 97.000000% of the par value thereof, which resulted in a net effective interest rate of 5.249145%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

Other than as set forth in the Official Notice of Sale for the Bonds, 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 stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Other than as set forth in the Official Notice of Sale for the Bonds, 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 SEC 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.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the District, which are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social,

economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Inc.

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

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

Current Financial Strength Ratings

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

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

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

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

Capitalization of AG

At June 30, 2026:

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

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

Incorporation of Certain Documents by Reference

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

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

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

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

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

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

Miscellaneous Matters

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

MUNICIPAL BOND RATING

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

The District is not aware of any rating assigned to the Bonds other than the rating of S&P

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Montgomery County Municipal Utility District No. 176 (the "District"), a political subdivision of the State of Texas ("Texas"), is located within the corporate limits of the City of Willis, Texas (the "City"), and Montgomery County, Texas (the "County"). See "THE DISTRICT."
The Bonds	The $5,000,000 Montgomery County Municipal Utility District No. 176 Unlimited Tax Road Bonds, Series 2026A (the "Bonds") are dated December 1, 2026, and mature on September 1 in the years and in the principal amounts as shown on the inside cover. The Bonds will accrue interest from the date of delivery, which is expected to be on or about December 14, 2026 (the "Date of Delivery"), with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date"). See "THE BONDS."
Redemption Provisions	The Bonds maturing on and after September 1, 2032, are subject to redemption at the option of the District, in whole, or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption.*" The Bonds maturing on September 1, 2028, through September 1, 2041, both inclusive, are serial bonds. The Bonds maturing on September 1 in each of the years 2043, 2045, 2047, 2049, and 2051 are term bonds (the "Term Bonds") and are also subject to mandatory sinking fund redemption provisions set out herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."
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, pursuant to the Book-Entry-Only System (herein defined). Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of The Depository Trust Company for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of 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 Texas; the County; the City; or any entity other than the District. See "THE BONDS – Source of Payment."
Outstanding Bonds	The District has previously issued its $11,275,000 Unlimited Tax Bonds, Series 2025 and $9,660,000 Unlimited Tax Road Bonds, Series 2026. At the delivery of the Bonds, all $20,935,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Bonds"). See "THE BONDS - Outstanding Bonds"
Payment Record	The Bonds are the third issuance of bonded indebtedness by the District. The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness. See "THE BONDS – Source of Payment."
Authority for Issuance	The Bonds are issued pursuant to (i) an order adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds (the "Bond Order"); (ii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; (iii) Article III, Section 52, of the Texas Constitution; (iv) Chapter 8084, Texas Special District Local Laws Code (the "Act"); and (v) an election held within the District on May 2, 2020. See "THE BONDS – Authority for Issuance."
Voted Authorization	At an election held within the District on May 2, 2020, voters of the District authorized the issuance of a total of $64,100,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system to serve the District (the "Utility System"), a total of $71,500,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System"), and a total of $23,700,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. At the same election, voters of the District authorized bonds for the purpose of refunding such bonds. Additional amounts may be authorized. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $52,825,000 for the purpose of constructing or acquiring the Utility System; $56,840,000 for the purpose of constructing or acquiring the Road System; and $23,700,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District. See "THE BONDS – Issuance of Additional Debt."
Use of Proceeds of the Bonds	Proceeds from the sale of the Bonds will be used to reimburse the Developers (herein defined) for the improvements and related costs shown under "THE BONDS – Use and Distribution of Proceeds of the Bonds." Additionally, proceeds from the sale of the Bonds will be used to pay twelve (12) months of capitalized interest on the Bonds; developer interest; and other certain costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Proceeds of the Bonds."
Not Qualified Tax-Exempt Obligations	The District has not designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."
Municipal Bond Insurance	Assured Guaranty Inc. ("AG"). See "MUNICIPAL BOND INSURANCE."

Municipal Bond Rating	S&P Global Ratings (AG Insured): "AA." See "MUNICIPAL BOND RATING."
General & Bond Counsel	Coats Rose P.C., Houston, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor	Cedar Creek Municipal Advisors, Houston, Texas.
Engineer	L Squared Engineering, Conroe, Texas.

THE DISTRICT

Description	The District was created pursuant to House Bill 4640, 86th Texas Legislature, Regular Session codified at Chapter 8084, Texas Special District Local Laws Code, effective September 1, 2019. The District operates under the authority of Chapters 49 and 54 of the Texas Water Code, as amended, pursuant to Article XVI, Section 59 and Article III, Section 52 of Texas Constitution and is subject to the jurisdiction of the Texas Commission on Environmental Quality. The creation of the District was confirmed at an election held within the District on May 2, 2020. At the time of creation, the District consisted of approximately 298.48 acres. Since its creation, the District has annexed multiple tracts and de-annexed a tract. The District currently includes approximately 289.85 acres. See "THE DISTRICT."
Location	The District is located within the County and the corporate limits of the City. More specifically, the District is located directly adjacent and east of I-45 along the southern boundary line of the City. Primary access to the District is off of I-45. See "THE DISTRICT – Description."
Chapter 552 Agreement and TIRZ	The District has entered into a Chapter 552 Agreement with the City (the "Chapter 552 Agreement") and lies within Tax Increment Reinvestment Zone Number One, City of Willis, Texas (the "TIRZ"). Under the Chapter 552 Agreement, the City has agreed, subject to annual appropriation, to make periodic payments to the District (the "Annual Payments") to reimburse a portion of the costs of certain water, sewer, and drainage facilities. Under a TIRZ Reimbursement Agreement, the District may receive a portion of the tax increment revenues generated within the District (the "TIRZ Revenues") to pay costs of certain designated public improvements or debt service on bonds issued to finance such improvements. None of the proceeds of the Bonds will be used to finance improvements eligible for payment or reimbursement under the Chapter 552 Agreement or the TIRZ Reimbursement Agreement. Neither the Annual Payments nor the TIRZ Revenues are pledged to, or expected to be available for, the payment of the Bonds. The Bonds are payable solely from the District's ad valorem tax levied for the Road System. See "THE CHAPTER 552 AGREEMENT AND TIRZ."
The Developers	Land within the District is being developed by MRSS Partners, LTD ("MRSS"), M/I Homes of Houston, LLC ("M/I Homes"), and Friendswood Development Company ("Friendswood") (collectively, the "Developers"). See "THE DEVELOPERS."

MRSS: MRSS is a Texas limited partnership, the general partner of which is GP MR, LLC, a Texas limited liability company. MRSS is a special purpose entity created for the sole purpose of developing and holding for investment land in the Moran Ranch development, including land in the District and a neighboring special district. To date, MRSS has developed certain major roads, water/sewer infrastructure, and drainage facilities within the District. MRSS currently owns approximately 30 remaining developable acres within the District.

M/I Homes: M/I Homes of Houston, LLC is a Delaware limited liability company and wholly-owned by M/I Homes, Inc., an Ohio corporation, whose stock is publicly traded on the New York Stock Exchange under the ticker symbol "MHO." To date, M/I has developed roads, water/sewer infrastructure, and drainage facilities to serve approximately 50% of the residential development within the District.

Friendswood: Land within the District is being developed by Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership d/b/a Friendswood Development Company. Friendswood is indirectly owned by Lennar Corporation. Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange as LEN. To date, Friendswood has developed roads, water/sewer infrastructure, and drainage facilities to serve approximately 50% of the residential development within the District.

Development Status ..... To date, approximately 123.00 acres within the District have been developed as 492 single-family lots in the following single-family residential subdivisions: Moran Ranch, Sections 1-6. As of October 1, 2026, development within the District consisted of 431 completed homes (415 occupied and 16 unoccupied), 36 homes under construction, and 25 vacant developed lots. Approximately 32.00 acres have been developed as commercial retail. Such commercial retail development includes an HEB and various other vendors (within a Fidelis anchored retail center). Multiple restaurants (Chuy's, Longhorn Steakhouse, etc.), other retail developments (Academy, Lowe's, etc.), and gas stations are either under construction or anticipated soon. The remainder of land within the District includes approximately 84.35 remaining developable acres and approximately 50.50 undevelopable acres. See "DEVELOPMENT OF THE DISTRICT – Current Status."

Homebuilders ..... M/I Homes is the active homebuilder within the District currently. New homes being marketed in the District range in price from approximately $250,000 to approximately $400,000 and in size from approximately 1,000 square feet to approximately 4,000 square feet.

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2026 Assessed Valuation	$ 172,160,976	(a)
Estimated Assessed Valuation as of November 1, 2026	$ 227,721,766	(b)
Direct Debt:		
The Outstanding Bonds (at the Date of Delivery)	$ 20,935,000	
The Bonds	$ 5,000,000	
Total	$ 25,935,000	
Estimated Overlapping Debt	$ 14,288,651	(c)
Total Direct and Estimated Overlapping Debt	$ 40,223,651	(c)
Direct Debt Ratio:		
As a Percentage of the 2026 Assessed Valuation	15.06 %	
As a Percentage of the Estimated Assessed Valuation as of November 1, 2026	11.39 %	
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of the 2026 Assessed Valuation	23.36 %	
As a Percentage of the Estimated Assessed Valuation as of November 1, 2026	17.66 %	
Utility System Debt Service Fund Balance (as of October 8, 2026)	$ 169,719	(d)
Utility System Capital Projects Fund Balance (as of October 8, 2026)	$ 21,236	
Road System Debt Service Fund Balance (as of the Date of Delivery)	$ 262,225	(e)
Road System Capital Projects Fund Balance (as of October 8, 2026)	$ 123,125	
General Operating Fund Balance (as of October 8, 2026)	$ 4,029,202	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2026, provided by the Appraisal District (herein defined). See "TAX PROCEDURES" and "TAX DATA."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the assessed valuation of all taxable property within the District as of November 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through November 1, 2026. No taxes will be levied against this amount. See "TAX PROCEDURES" and "TAX DATA."

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

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

(e) Represents twelve (12) months of capitalized interest that will be deposited into the Road Debt Service Fund (herein defined) on the date of Delivery. Neither Texas law nor the Bond Order require that the District maintain any particular sum in the Road Debt Service Fund. Monies in the Road Debt Service Fund cannot be used to pay debt service on any bonds issued by the District for the Utility System (herein defined).

2026 Tax Rate:			
Utility System Debt Service		$ 0.460	(a)
Road System Debt Service		$ 0.000	(a)
Maintenance & Operations		$ 0.690	
Total		$ 1.150	
Average Annual Debt Service Requirement (2027–2051)	$	1,742,858	(b)
Maximum Annual Debt Service Requirement (2050)	$	1,902,688	(b)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027–2051) at 95% Tax Collections:			
Based on the 2026 Assessed Valuation		$ 1.07	
Based on the Estimated Assessed Valuation as of November 1, 2026		$ 0.81	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2050) at 95% Tax Collections:			
Based on the 2026 Assessed Valuation		$ 1.17	
Based on the Estimated Assessed Valuation as of November 1, 2026		$ 0.88	

(a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount.

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

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

$5,000,000
Unlimited Tax Road Bonds
Series 2026A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 176 (the "District") of the $5,000,000 Montgomery County Municipal Utility District No. 176 Unlimited Tax Road Bonds, Series 2026A (the "Bonds").

The Bonds are issued pursuant to (i) an order adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds (the "Bond Order"); (ii) the general laws of the State of Texas ("Texas"), including Chapters 49 and 54 of the Texas Water Code, as amended; (iii) Article III, Section 52, of the Texas Constitution; (iv) Chapter 8084, Texas Special District Local Laws Code (the "Act"); and (v) an election held within the District on May 2, 2020.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order. The initial purchaser of the Bonds is referred to herein as the "Initial Purchaser."

Included in this Official Statement are descriptions of the Bonds, the Developers (herein defined), and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Upon payment of reasonable copying, mailing and handling charges, copies of such documents may be obtained from Bond Counsel (herein defined) at 9 Greenway Plaza, Suite 1000, Houston, Texas 77046, or during the offering period from the Financial Advisor (herein defined) at 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056.

RISK FACTORS

General

The Bonds, which are obligations solely of the District and are not obligations of Texas; Montgomery County, Texas (the "County"); the City of Willis, Texas (the "City"); or any entity other than the District, will be secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied by the District upon all taxable property located within the District. See "THE BONDS – Source of 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 development and construction 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: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowner/Developer: There is no commitment by, or legal requirement of, the principal landowners, the Developers, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular

pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT WITHIN THE DISTRICT," "THE DEVELOPERS," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2026, the District's principal taxpayers owned property located within the District which comprised of, in aggregate, approximately 42.36% of the total assessed valuation of all taxable property located within the District. As of January 1, 2026, the Developers collectively owned property comprising of approximately 8.45% of the total assessed valuation of all taxable property located within the District. See "THE DEVELOPERS – Description."

In the event that the Developers, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAX PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The assessed valuation as of January 1, 2026, of all taxable property located within the District is $172,160,976 and the estimated assessed valuation as of November 1, 2026 of all taxable property located within the district is $227,721,766. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $1,902,688 (2050) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be $1,742,858 (2027–2051). Assuming no decrease to the assessed valuation as of January 1, 2026, of all taxable property located within the District, tax rates of $1.17 and $1.07 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively. Assuming no decrease from the estimated assessed valuation as of November 1, 2026, of all taxable property located within the District, tax rates of $0.88 and $0.81 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively. See "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 aforementioned tax rate or to justify continued payment of taxes by property owners.

For the 2026 tax year, the District levied a total tax rate of $1.15 per $100 of assessed valuation composed of $0.46 per $100 of assessed valuation for utility debt service and $0.69 per $100 of assessed valuation for maintenance and operations purposes. Increases in the District's tax rate to substantially higher levels than the current tax rate of $1.150 per $100 of assessed valuation which the District presently levied may have an adverse impact upon future development of the District, the sale and construction of homes 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. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a registered owner of the Bonds of the District's obligations to collect sufficient taxes may be a costly and lengthy process.

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 Texas's workforce, and any labor shortages that could occur may impact the rate of construction within the District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developers or homebuilders.

Competitive Nature of Houston Residential Market

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

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 Houston and the City 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 Developers 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 Developers will be implemented or, if implemented, will be successful.

Location and Access: The District is located within the County and the corporate limits of the City. More specifically, the District is located directly adjacent and east of I-45 along the southern boundary line of the City. Primary access to the District is off of I-45. 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 Developers 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 "DEVELOPMENT WITHIN THE DISTRICT."

Developers Under No Obligation to the District

The Developers have informed the District of their current plans to continue to develop land in the District for residential and commercial purposes. However, the Developers are not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developers should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developers' right to sell their land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developers. Failure to construct taxable improvements on developed lots and tracts and failure of the Developers to develop its land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developers (see "TAX DATA – Principal Taxpayers") for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developers will be or what effect, if any, such conditions may have on its ability to pay taxes. See "DEVELOPMENT WITHIN THE DISTRICT" and "THE DEVELOPERS."

Vacant Developed Lots

As of October 1, 2026, approximately 25 developed lots within the District remained available for home construction. Failure of the Developers and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Tax Collections Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two (2) years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAX PROCEDURES."

Bondholders' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered holders of the Bonds (the "Bondholders") have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not provide for remedies to protect and enforce the interests of the Bondholders. 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. Based on recent Texas court decisions, it is unclear whether, §49.066, Texas Water Code, as amended, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Bondholders could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property of the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Bondholders would have to initiate and finance the legal process to enforce their remedies.

Bankruptcy Limitation to Bondholders' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the Texas Commission on Environmental Quality (the "TCEQ") prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, 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 such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

At an election held within the District on May 2, 2020, voters of the District authorized the issuance of a total of $64,100,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system to serve the District (the "Utility System"), a total of $71,500,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System"), and a total of $23,700,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. At the same election, voters of the District authorized bonds for the purpose of refunding such bonds. Additional amounts may be authorized.

The Bonds represent the second series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $52,825,000 for the purpose of constructing or acquiring the Utility System; $56,840,000 for the purpose of constructing or acquiring the Road System; and $23,700,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District.

The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District, as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The District's issuance of the remaining $52,825,000 unlimited tax bonds for the purpose of constructing or acquiring the Utility System and $23,700,000 unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District shall be subject to approval by the TCEQ. See "THE BONDS – Issuance of Additional Debt."

According to the Developers, following the reimbursement from proceeds of the Bonds, the District will owe the Developers approximately $10,000,000 for its expenditures advanced to date for the development of the District. 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.

Continuing Compliance with Certain Covenants

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

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.

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 three (3) separate federal ozone standards: the one (1)-hour (124 parts per billion ("ppb")) and eight (8)-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, 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 "moderate" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six (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. 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 Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

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

Dependence on the Oil and Gas Industry

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.

National Weather Service Atlas 14 Rainfall Study

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

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed valuation of the District or an increase in the District's tax rate.

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.

Changes in Tax Legislation

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

Cybersecurity

The District and their consultants are dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

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

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 absent 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" and "MUNICIPAL BOND RATING" for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. Copies of the Bond Order may be obtained from the District upon request and payment of the costs for duplication thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated December 1, 2026, and will mature on September 1 in the years and in the principal amounts as shown on the inside cover. Interest on the Bonds will accrue from the Date of Delivery (expected to be on or about December 14, 2026) (the "Date of Delivery"), with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or prior redemption. The Bonds will be issued as fully registered bonds in principal denominations of $5,000 or any integral multiple thereof. Principal of the Bonds will be payable to a Bondholder (herein defined) thereof at maturity or earlier redemption upon presentation of Bonds at the principal payment office of Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to Bondholders as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"), or by other such customary banking arrangements as may be acceptable to the Paying Agent/Registrar and the Bondholder at the expense and risk of the Bondholder.

In the event of non-payment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

Book-Entry-Only System

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

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct and Indirect Participants (herein defined), (2) Direct and Indirect 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 registered owners of the Bonds, 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 United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with Direct and Indirect 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 (1) fully registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, 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 (the "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 (the "Indirect Participants," and together with the Direct Participants, the "Direct and Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. 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 holder of ownership interest of each actual purchase of each Bond (the "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-Only System is discontinued.

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

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

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

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

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

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

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

The information in the section concerning DTC and the Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of This Official Statement

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

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying

Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one (1) maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning 15 calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within 30 calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Replacement of Bonds

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

Authority for Issuance

At an election held within the District on May 2, 2020, voters of the District authorized the issuance of a total of $64,100,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System, a total of $71,500,000 principal amount of unlimited tax bonds for the purpose of constructing the Road System, and a total of $23,700,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. At the same election, voters of the District authorized bonds for the purpose of refunding such bonds. Additional amounts may be authorized.

The Bonds are issued pursuant to (i) the Bond Order; (ii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; (iii) Article III, Section 52, of the Texas Constitution; (iv) the Act; and (v) an election held within the District on May 2, 2020.

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created. The Bonds represent the second series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $56,840,000 for the purpose of constructing or acquiring the Road System; $52,825,000 for the purpose of constructing or acquiring the Utility System; and $23,700,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District.

The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the purpose of constructing or acquiring the Utility System or for purpose of constructing or acquiring parks and recreational facilities to serve the District, approved by the TCEQ).

According to the Developers, following the reimbursement from proceeds of the Bonds, the District will owe the Developers approximately $10,000,000 for its expenditures advanced to date for the development of the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt-property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to 1% of the value of the taxable property in the District at the time of issuance; however, the outstanding principal amount of such bonds may exceed 1% but not 3% of the value of the taxable property in the District if the District has (i) a ratio of debt to certified assessed valuation of 10% or less; (ii) a credit rating that conforms to the TCEQ rules; (iii) a credit enhanced rating on the District's bond issue that conforms to the TCEQ rules; or (iv) a contract with a political subdivision or an entity acting on behalf of a political subdivision under which the subdivision or the entity agrees to provide to the District taxes or other revenues, as consideration for the District's development or acquisition of the facility, including a contract under Section 49.108 of the Texas Water Code, as amended.

Payment Record

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

Outstanding Bonds

The District has previously issued its $11,275,000 Unlimited Tax Bonds, Series 2025 and $9,660,000 Unlimited Tax Road Bonds, Series 2026. At the delivery of the Bonds, all $20,935,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Bonds").

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District, and the principal thereof and the interest thereon, and such additional tax bonds of the District as may hereafter be authorized by District voters, if any, and subsequently issued, are payable from and secured by 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. See "TAX PROCEDURES" and "TAX DATA – Tax Rate Calculations" for tax adequacy, manner of assessing and collecting taxes, and the remedy to the District in the event of tax delinquencies; and "THE BONDS – Bondholders' Remedies" for the remedies available to Bondholders in the event of default in the performance of any of the covenants set forth in the Bond Order or in the event of default in the payment of principal of or interest on the Bonds.

The Bonds are obligations solely of the District and are not obligations of Texas; the County; the City; or any entity other than the District.

Redemption Provisions

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

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2043, 2045, 2047, 2049 and 2051 are term bonds (the "Term Bonds"), and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption ("Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

$460,000 Term Bonds Maturing on September 1, 2043

Mandatory Redemption Date	Principal Amount
September 1, 2042	$ 225,000
September 1, 2043 (Maturity)	$ 235,000

$510,000 Term Bonds Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2044	$ 250,000
September 1, 2045 (Maturity)	$ 260,000

$565,000 Term Bonds Maturing on September 1, 2047

Mandatory Redemption Date	Principal Amount
September 1, 2046	$ 275,000
September 1, 2047 (Maturity)	$ 290,000

$630,000 Term Bonds Maturing on September 1, 2049

Mandatory Redemption Date	Principal Amount
September 1, 2048	$ 305,000
September 1, 2049 (Maturity)	$ 325,000

$700,000 Term Bonds Maturing on September 1, 2051

Mandatory Redemption Date	Principal Amount
September 1, 2050	$ 340,000
September 1, 2051 (Maturity)	$ 360,000

On or before thirty (30) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The

principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Funds

In the Bond Order, the debt service fund for bonds issued for the Road System (the "Road System Debt Service Fund") is confirmed, and 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, in such fund.

Twelve (12) months of capitalized interest on the Bonds will be deposited into the Road System Debt Service Fund upon closing of the Bonds.

Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Utility System.

Proceeds of sale of the Bonds shall be deposited into the capital projects fund for bonds issued for the Road System (the "Road Capital Projects Fund"), to be used for the purpose of funding certain construction costs and for paying the costs of issuance of the Bonds.

Any monies remaining in the Road Capital Projects Fund will be used as described in the Bond Order or ultimately transferred to the Road System Debt Service Fund. See "THE BONDS – Use and Distribution of Proceeds of the Bonds" below for a complete description of the use of Bond proceeds and the projects related thereto.

The District also maintains a debt service fund for bonds issued for the Utility System (the "Utility System Debt Service Fund"). Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System, including the Bonds.

Dissolution

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

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one (1) or more districts, although no consolidation is presently contemplated by the District.

No Arbitrage

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

Defeasance

The Bond Order provides that the District may discharge its obligations to the Bondholders 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 with 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.

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Bondholders 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 currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

Bondholders' Remedies

The Bond Order contains a covenant that while any part of the Bonds is outstanding, there shall be assessed, levied, and collected an annual ad valorem tax, levied without legal limit as to rate or amount, on all taxable property within the District, sufficient to pay principal of and interest on the Bonds and any additional tax bonds when due and to pay the expenses necessary in collecting taxes. Texas law and the Bond Order provide that in the event that the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make debt service payments, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Order, any Bondholder shall be entitled at any time to a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation, or condition prescribed by the Bond Order. Such right is in addition to all other rights the Bondholders may be provided by the laws of Texas.

Except for mandamus, the Bond Order does not specifically provide for remedies to a Bondholder in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Bondholders. There is no acceleration of maturity of the Bonds in the event of default. Consequently, the remedy of mandamus is a remedy which may have to be relied upon from year to year by the Bondholders. Even if the Bondholders could obtain a judgment against the District, such judgment could not be enforced by direct levy and execution against the District's property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Certain traditional legal remedies also may be unavailable. The enforceability of the rights and remedies of the Bondholders may be further limited by federal bankruptcy laws, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. See "THE BONDS – Bankruptcy Limitation to Bondholders' Rights."

Bankruptcy Limitation to Bondholders' Rights

Other than a writ of mandamus and other relief authorized by law, the Bond Order does not expressly provide a specific remedy for a default. Even if a Bondholder could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a Bondholder could petition for a writ of mandamus issued by a court of competent jurisdiction requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principals of equity. See "RISK FACTORS– Bondholders' Remedies" and "RISK FACTORS – Bankruptcy Limitation to Bondholders' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

Section 49.186 of the Texas Water Code, as amended, is applicable to the District and provides:

> (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.

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Use and Distribution of Proceeds of the Bonds

Proceeds from the sale of the Bonds will be used to reimburse the Developers for the improvements and related costs shown below. Additionally, proceeds from the sale of the Bonds will be used to pay twelve (12) months of capitalized interest on the Bonds; developer interest; and other certain costs associated with the issuance of the Bonds, as shown below. Totals may not sum due to rounding.

Construction Costs	District's Share
A. Developer Contribution Items	
1. Moran Ranch Blvd Roadway Extension to I-45	$ 632,584
2. FM 1097 at Kennedy Street - Signal Improvements	217,758
3. Paving to Serve Section 1 of Moran Ranch (a)	1,219,536
4. Paving to Serve Sections 4 & 6 of Moran Ranch (a)	1,310,426
5. ROW Reimbursement	373,647
Total Developer Contribution Items	$ 3,753,951
Total Construction Costs	$ 3,753,951
Non-Construction Costs	
A. Legal Fees	$ 140,000
B. Fiscal Agent Fees	100,000
C. Interest	
1. Capitalized Interest (12 months)	262,225
2. Developer Interest (5.50%)	531,301
D. Bond Discount	150,000
E. Bond Issuance Expenses	25,000
F. Bond Engineering Report	19,749
G. Attorney General Fee (0.10%)	5,000
H. Contingency (b)	12,775
Total Non-Construction Costs	$ 1,246,049
TOTAL BOND ISSUE REQUIREMENT	**$ 5,000,000**

(a) Paving to Serve Sections 1, 4 & 6 of Moran Ranch was privately bid. The current construction total is based on the amount paid to the contractor, but final reimbursable value is based on to the results of the "Road Appraisal - Moran Ranch Sections 1, 3, 4, 5, and 6" conducted by Quiddity.

(b) Represents the difference between estimated and actual amount of capitalized interest.

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

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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THE DISTRICT

Authority

The District was created pursuant to House Bill 4640, 86th Texas Legislature, Regular Session codified at Chapter 8084, Texas Special District Local Laws Code, effective September 1, 2019.

The District operates under the authority of Chapters 49 and 54 of the Texas Water Code, as amended, pursuant to Article XVI, Section 59 and Article III, Section 52 of Texas Constitution and is subject to the jurisdiction of the TCEQ.

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

The District also is authorized to construct, develop, and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate, and maintain a fire department, independently or with one (1) or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. However, the District does not currently operate or maintain a fire department; fire protection for the District is provided by the City.

Description

The creation of the District was confirmed at an election held within the District on May 2, 2020.

At the time of creation, the District consisted of approximately 298.48 acres. Since its creation, the District has annexed multiple tracts and de-annexed a tract. The District currently includes approximately 289.85 acres.

The District is located within the County and the corporate limits of the City. More specifically, the District is located directly adjacent and east of I-45 along the southern boundary line of the City. Primary access to the District is off of I-45.

Management of the District

- Board of Directors -

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors' terms are four (4) years with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District.

Name	Position	Term Expires May
Stanley Gines	President	2028
George Jolliff	Vice President	2028
Robert Mueller	Secretary	2030
Cheryl Lawler	Assistant Secretary	2030
Patricia Bui	Assistant Secretary	2028

- Consultants -

Tax Assessor/Collector – The District has engaged Utility Tax Service, LLC as the tax assessor/collector (the "Tax Assessor/Collector").

Bookkeeper – The District's bookkeeper is L&S District Services, LLC.

Engineer – The consulting engineer retained by the District in connection with the design and construction of the District's facilities is L Squared Engineering (the "Engineer").

Bond Counsel and General Counsel – The District has engaged Coats Rose, P.C. as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Coats Rose P.C. also serves as the District's general counsel.

Auditor – The District engaged Mark C. Eyring, CPA, PLLC (the "Auditor") to audit its financial statements for the fiscal year ended November 30, 2025. The District's audited financial statements are attached as "APPENDIX A." The District engaged the Auditor to audit its financial statements for the fiscal year ended November 30, 2026.

Disclosure Counsel – McCall, Parkhurst & Horton L.L.P. serves as disclosure counsel ("Disclosure Counsel") in connection with the 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 – The District has engaged the firm of Cedar Creek Municipal Advisors as financial advisor to the District (the "Financial Advisor"). Payment to the Financial Advisor by the District is contingent upon the issuance, sale, and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

THE CHAPTER 552 AGREEMENT AND TIRZ

The following describes certain agreements among the District, the City, the TIRZ, and the Developers. These agreements are described for informational purposes only. The Bonds do not finance any improvements that are eligible for payment or reimbursement under the Chapter 552 Agreement or the TIRZ Reimbursement Agreement, and no revenues received under either agreement are pledged to, or expected to be applied to, the payment of principal of or interest on the Bonds.

The Reinvestment Zone Number One, City of Willis (the "TIRZ") was created by the City on December 21, 2010, to include approximately 2,156 acres, including approximately 290 acres in the District. The TIRZ operates under the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code, to facilitate the development of land within its boundaries.

Chapter 552 Agreement and Infrastructure Fund

The District has entered into a Chapter 552 Agreement (the "552 Agreement") with the City, dated August 20, 2019, pursuant to which the District agreed to design, construct, and finance the water, sewer, and drainage facilities (but not roads) (the "Public Improvements") located within the District, and the City has agreed to make semiannual payments to the District (the "Annual Payments") from ad valorem tax revenues collected by the City on property within the District, subject to annual appropriation by the City Council. Each year, the Annual Payments shall be equal to the lesser of a $0.35 per $100 ad valorem tax rate or an ad valorem tax rate equal to 30.4% of the District's then current ad valorem tax rate levied against the total taxable value within the District. The 552 Agreement requires the City to pay the first Annual Payment 30 days after the closing of the District's initial series of bonds issued for the Utility System and continue making Annual Payments until 2041. The Annual Payments shall be deposited by the District into a special account known as the Infrastructure Fund and may be used by the District to pay costs of the Public Improvements, including debt service on the District's bonds issued for the Utility System or other obligations for the Utility System, but are not pledged to the repayment of the principal or interest on the Bonds. Consultants for the City have estimated Annual Payments due through fiscal year 2026 to be $708,428. However, to date, the City has not made an Annual Payment to the District.

The City's obligation to make the Annual Payments is a contractual obligation subject to annual appropriation and does not constitute a general obligation or debt of the City. The City has no obligation to pay the principal of or interest on the Bonds, and the Bonds are not payable from, and are not secured by, the Annual Payments or any other revenues of the City.

TIRZ Revenues

The District lies within the TIRZ. Pursuant to a TIRZ Reimbursement Agreement, dated November 19, 2019, between the City, the TIRZ, and the Developers, and as assigned to the District, the District may receive certain tax increment revenues generated within the District (the "TIRZ Revenues"). Such TIRZ Revenues are equal to 100% (less the money paid pursuant to the 552 Agreement) of the incremental tax revenues collected by the City from real property in the District in excess of the taxable value in the "Base Year" (approximately $355,000). In addition, the TIRZ Revenues also will include 25% of the ad valorem taxes collected by Montgomery County on the same tax increment. Such TIRZ Revenues, if and when received, shall be deposited to the District's Infrastructure Fund and may be used by the District to pay costs of certain public improvements (water plant and sewer plant capacity and improvements to the I-45 frontage road) or to assist in the payment of debt service on the bonds issued to fund such facilities. The availability of TIRZ Revenues is dependent upon the amount of tax increment generated within the District, but such payments are not subject to annual appropriation by the City. The TIRZ Revenues are not pledged to the repayment of the Bonds and the City has no legal or moral obligation to continue the payments beyond the term of the TIRZ or the agreements governing it.

Use of Revenues

Annual Payments may be used only to pay costs of the Public Improvements (the Utility System), including debt service on bonds issued by the District for the Utility System. TIRZ Revenues may be used only to pay costs of the improvements designated in the TIRZ Reimbursement Agreement (water plant and sewer plant capacity and improvements to the I-45 frontage road) or debt service on bonds issued by the District to finance such improvements. The District anticipates that all or a portion of the Annual Payments and TIRZ Revenues may, from time to time, be applied to debt service on certain of the Outstanding Bonds issued to finance such improvements. Because the Bonds do not finance any such improvements, neither the Annual Payments nor the TIRZ Revenues will be available to pay debt service on the bonds. To the extent TIRZ Revenues are applied to debt service on the Outstanding Bonds issued for the Road System, such application will not constitute a pledge of, or create any right of the owners of the Bonds to, TIRZ Revenues. The District makes no representation that TIRZ Revenues will be received or so applied in any year. The Bonds are secured solely by and payable from the levy and collection of an ad valorem tax levied for the Road System on all taxable property within the District as described under "THE BONDS – Source of Payment."

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LOCATION MAP



PHOTOGRAPHS TAKEN IN THE DISTRICT

(October 2026)













PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(October 2026)













DEVELOPMENT WITHIN THE DISTRICT

Current Status

To date, approximately 123.00 acres within the District have been developed as 492 single-family lots in the following single-family residential subdivisions: Moran Ranch, Sections 1-6 and 11. As of October 1, 2026, development within the District consisted of 431 completed homes (415 occupied and 16 unoccupied), 36 homes under construction, and 25 vacant developed lots. Approximately 32.00 acres have been developed as commercial retail. Such commercial retail development includes an HEB and various other vendors (within a Fidelis anchored retail center). Multiple restaurants (Chuy's, Longhorn Steakhouse, etc.), other retail developments (Academy, Lowe's, etc.), and gas stations are either under construction or anticipated soon. The remainder of land within the District includes approximately 84.35 remaining developable acres and approximately 50.50 undevelopable acres.

The following table summarizes the development within the District as of October 1, 2026. Totals may not sum due to rounding.

Moran Ranch	Acreage (a)	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Section 1	25.08	132	131	-	1
Section 2	6.74	21	14	-	7
Section 3	32.12	115	92	23	-
Section 4	12.65	38	38	-	-
Section 5	18.65	86	67	12	7
Section 6	24.42	90	89	1	-
Section 11	3.34	10	-	-	10
Total Residential Developed	123.00	492	431	36	25
Undeveloped but Developable	84.35				
Commercial Retail	32.00				
Undevelopable	50.50				
District Total	289.85				

(a) Approximates. Totals may not sum due to rounding.

Homebuilders within the District

M/I Homes is the active homebuilder within the District currently. New homes being marketed in the District range in price from approximately $250,000 to approximately $400,000 and in size from approximately 1,000 square feet to approximately 4,000 square feet.

THE DEVELOPERS

Role

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district; designing the subdivision, the utilities and streets to be constructed in the subdivision, and 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; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

Description

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

MRSS Partners, LTD: MRSS is a Texas limited partnership, the general partner of which is GP MR, LLC, a Texas limited liability company. MRSS is a special purpose entity created for the sole purpose of developing and holding for investment land in the Moran Ranch development, including land in the District and a neighboring special district. To date, MRSS has developed certain major roads, water/sewer infrastructure, and drainage facilities within the District. MRSS currently owns approximately 30 remaining developable acres within the District.

M/I Homes of Houston, LLC: M/I Homes of Houston, LLC ("M/I Homes") is a Delaware limited liability company and wholly-owned by M/I Homes, Inc., an Ohio corporation, whose stock is publicly traded on the New York Stock Exchange under the ticker symbol "MHO."

M/I Homes files annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document that M/I Homes has filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, M/I Homes makes available on its web site http://www.mihomes.com its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. Unless otherwise specified, information contained on M/I Homes' web site, available by hyperlink from M/I Homes' web site or on the SEC's web site, is not incorporated into this Official Statement.

To date, M/I has developed roads, water/sewer infrastructure, and drainage facilities to serve approximately 50% of the residential development within the District.

Friendswood Development Company: Land within the District is being developed by Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership d/b/a Friendswood Development Company ("Friendswood"). Friendswood is indirectly owned by Lennar Corporation. Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange as LEN. Audited financial statements for Lennar Corporation can be found online at http://phx.corporate-ir.net/phoenix.zhtml?c=65842&p=irol-irhome. Lennar Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by Lennar can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning Friendswood is included as part of the consolidated financial statements of Lennar Corporation. However, Lennar Corporation is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by Friendswood, or to pay any other obligations of Friendswood. Further, neither Friendswood nor Lennar Corporation is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither Friendswood nor Lennar

Corporation has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and Friendswood may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of Friendswood and Lennar Corporation is subject to change at any time. Because of the foregoing, financial information concerning Friendswood and Lennar Corporation will neither be updated nor provided following issuance of the Bonds.

To date, Friendswood has developed roads, water/sewer infrastructure, and drainage facilities to serve approximately 50% of the residential development within the District.

Development Financing

On September 12, 2019, MRSS purchased certain property in the District known as Moran Ranch through an acquisition and development loan from IBC Bank (the "Bank") in the amount of $24,675,000 plus $10,000,000 equity (the "Loan"). The Loan was thereafter increased to $28,000,000. The interest rate on the Loan is prime plus 1%. The terms of the Loan require that 90% of proceeds from any sale of property go to the Bank. The Loan is secured by certain property in the District. The current balance of the Loan as of October 1, 2026, is approximately $16,250,000.

THE UTILITY SYSTEM

Regulation

The water, sanitary sewer, and drainage facilities and systems, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities. According to the Engineer, the design of the water, sanitary sewer, and drainage facilities and systems have been approved by all governmental agencies that have jurisdiction over the District.

Water Supply

Water service to the District is provided by the City pursuant to a Development Agreement and a TIRZ Reimbursement Agreement. Under the Development Agreement, the City has contractually agreed to provide water service to the District, and to expand its water production, treatment, and distribution facilities as necessary to meet the demands of full development, estimated to be 1,049 equivalent single-family connections ("ESFCs").

At the time the TIRZ Reimbursement Agreement was signed, the City had approximately 31,600 gallons per day ("gpd") of available water capacity (capacity for 88 ESFCs) allocated to serve the District. Under the TIRZ Reimbursement Agreement, when development within the District requires water capacity in excess of the City's existing allocation, the Developers must advance the costs for required water system improvements, including the City's water system expansion at a cost of $1,178,800 (the "Water Impact Fees"). The Developers have paid the Water Impact Fees to the City in connection with the development of the District. As a result, the City's allocation has increased to the 1,049 ESFCs required for the development.

Wastewater System

Wastewater service for the District is also provided by the City pursuant to the Development Agreement and the TIRZ Reimbursement Agreement. Under the Development Agreement, the City is contractually obligated to accept and treat wastewater generated within the District and to expand its wastewater treatment plant ("WWTP") and collection system as necessary to serve projected development, estimated to be 1,049 ESFCs.

At the time the TIRZ Reimbursement Agreement was signed, the City had approximately 22,000 gpd of available wastewater treatment capacity (capacity for 88 ESFCs) allocated to serve the District. Under the TIRZ Reimbursement Agreement, when development requires wastewater treatment capacity in excess of the City's existing allocation, the Developers must advance the cost of required improvements to expand the City's WWTP, at a cost of $1,680,900 (the "Sewer Impact Fees"). The Developers have paid the Sewer Impact Fees to the City in connection with the development of the District.. As a result, the City's allocation has increased to the 1,049 ESFCs required for the development.

Storm Drainage System

The District drains to East Fork Crystal Creek.

The District is served by concrete paved streets with curb and gutters and storm sewers designed to meet County and City design criteria for developed runoff. Detention for rainfall runoff is provided by two (2) gravity detention ponds located in the northeastern and southwestern portions of the District. There is also in-line detention in the form of a dam at the south end of the existing pond at the south side of the District.

The District storm sewers, along with the detention ponds and dam (which are completed and currently serve all developed areas within the District) are to be funded with proceeds of the District's bonds issued for the Utility System.

100-Year Floodplain

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

According to the Engineer, approximately 50 acres within the District are currently within the 100-year floodplain (1% chance of annual occurrence), as currently defined by the Flood Insurance Rate Maps panels published by the Federal Emergency Management Agency.

Atlas 14

Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. See "RISK FACTORS – National Weather Service Atlas 14 Rainfall Study."

THE ROAD SYSTEM

The District is authorized to construct, acquire, improve, and finance roads and improvements in aid of roads to serve the District pursuant to Article III, Section 52 of the Texas Constitution, Section 54.234 of the Texas Water Code, as amended, and the Act. The District does not own, operate, or maintain any portion of the Road System. Upon completion, roads and related improvements financed by the District are conveyed to, and thereafter owned, operated, and maintained by, the governmental entity having jurisdiction over the applicable right-of-way, including the City and TxDOT.

According to the Engineer, the roads within the District vary in width and are sized to accommodate the anticipated traffic demands of full build-out of the property within the District. The District has no control over the maintenance, repair, or reconstruction of roads owned by the City or TxDOT, and neither the City nor TxDOT has any obligation to the District or the owners of the Bonds with respect to the payment of the Bonds.

Operating History

The following sets forth in condensed form the historical results of the District's general operating fund. Such summary has been prepared by the Financial Advisor for inclusion herein based on information obtained from the District's audited financial statements, reference to which is made for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended November 30				
	2025	2024	2023	2022	2021
Revenues					
Property taxes	$ 885,816	$ 684,503	$ 575,078	$ –	$ –
Penalty	4,269	930	–	–	–
Interest on deposits & investments	56,583	41,453	3,499	675	1
Total Revenues	$ 946,668	$ 726,886	$ 578,577	$ 675	$ 1
Expenditures					
Current:					
Professional fees	$ 87,037	$ 71,943	$ 44,242	$ 16,615	$ 9,566
Contracted services	27,049	22,869	22,812	–	2,003
Repairs and maintenance	120,152	126,837	–	–	–
Administrative expenditures	20,752	15,344	9,543	8,666	1,645
Capital outlay	23,007	163,717	–	–	–
Total Expenditures	$ 277,977	$ 400,710	$ 76,597	$ 25,281	$ 13,214
Revenues Over / (Under Expenditures)	$ 668,671	$ 326,176	$ 501,980	$ (24,606)	$ (13,213)
Beginning fund balance	$ 790,337	$ 464,161	$ (37,819)	$ (13,213)	$ (13,213)
Ending fund balance	$ 1,459,008	$ 790,337	$ 464,161	$ (37,819)	$ (13,213)

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DISTRICT DEBT

General

The following tables and calculations relate to the Bonds. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within 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 within the District.

Bond Indebtedness

2026 Assessed Valuation	$ 172,160,976	(a)
Estimated Assessed Valuation as of November 1, 2026	$ 227,721,766	(b)
Direct Debt:		
The Outstanding Bonds (at the Date of Delivery)	$ 20,935,000	
The Bonds	$ 5,000,000	
Total	$ 25,935,000	
Estimated Overlapping Debt	$ 14,288,651	(c)
Total Direct and Estimated Overlapping Debt	$ 40,223,651	(c)
Direct Debt Ratio:		
As a Percentage of the 2026 Assessed Valuation	15.06 %	
As a Percentage of the Estimated Assessed Valuation as of November 1, 2026	11.39 %	
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of the 2026 Assessed Valuation	23.36 %	
As a Percentage of the Estimated Assessed Valuation as of November 1, 2026	17.66 %	
Utility System Debt Service Fund Balance (as of October 8, 2026)	$ 169,719	(d)
Utility System Capital Projects Fund Balance (as of October 8, 2026)	$ 21,236	
Road System Debt Service Fund Balance (as of the Date of Delivery)	$ 262,225	(e)
Road System Capital Projects Fund Balance (as of October 8, 2026)	$ 123,125	
General Operating Fund Balance (as of October 8, 2026)	$ 4,029,202	

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

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the assessed valuation of all taxable property within the District as of November 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through November 1, 2026. No taxes will be levied against this amount. See "TAX PROCEDURES" and "TAX DATA."

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

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

(e) Represents twelve (12) months of capitalized interest that will be deposited into the Road Debt Service Fund on the Date of Delivery. Neither Texas law nor the Bond Order require that the District maintain any particular sum in the Road Debt Service Fund. Monies in the Road Debt Service Fund cannot be used to pay debt service on any bonds issued by the District for the Utility System.

Direct and Estimated Overlapping Debt Statement

The following statement indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or *Texas Municipal Reports* published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the 2026 Assessed Valuation of taxable property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes.

Taxing Jurisdiction	Outstanding Debt as of August 31, 2026	Overlapping	
		Percent	Amount
Montgomery County	$ 535,450,000	0.18%	$ 942,247
City of Willis	14,753,000	16.67%	2,459,355
Willis ISD	434,875,000	2.46%	10,717,875
Lone Star College System	338,975,000	0.05%	169,174
Total Estimated Overlapping Debt			$ 14,288,651
Direct Debt (a)			$ 25,935,000
Total Direct and Estimated Overlapping Debt (a)			$ 40,223,651

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratio of Direct Debt (a):	
As a Percentage of the 2026 Assessed Valuation	15.06 %
As a Percentage of the Estimated Assessed Valuation as of November 1, 2026	11.39 %
Ratio of Direct and Estimated Overlapping Debt (a):	
As a Percentage of the 2026 Assessed Valuation	23.36 %
As a Percentage of the Estimated Assessed Valuation as of November 1, 2026	17.66 %

(a) Includes the Outstanding Bonds and the Bonds.

Debt Service Requirement Schedule

The following schedule sets forth the current total debt service requirements of the District, plus the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Year	Outstanding Debt Service	The Bonds		Total Debt Service
		Principal	Interest	
2027	$ 1,181,556	$ –	$ 187,200	$ 1,368,756
2028	1,420,631	105,000	262,225	1,787,856
2029	1,408,131	110,000	254,350	1,772,481
2030	1,404,331	115,000	246,650	1,765,981
2031	1,393,581	125,000	238,600	1,757,181
2032	1,393,706	130,000	229,850	1,753,556
2033	1,404,506	140,000	220,750	1,765,256
2034	1,408,906	145,000	213,750	1,767,656
2035	1,417,106	155,000	206,500	1,778,606
2036	1,423,906	160,000	198,750	1,782,656
2037	1,429,306	170,000	190,750	1,790,056
2038	1,438,306	180,000	182,250	1,800,556
2039	1,445,706	190,000	173,250	1,808,956
2040	1,451,506	200,000	163,750	1,815,256
2041	1,460,706	210,000	153,750	1,824,456
2042	1,471,856	225,000	143,250	1,840,106
2043	1,475,931	235,000	132,000	1,842,931
2044	1,488,144	250,000	120,250	1,858,394
2045	1,495,988	260,000	107,750	1,863,738
2046	1,505,788	275,000	94,750	1,875,538
2047	1,507,950	290,000	81,000	1,878,950
2048	1,521,975	305,000	66,500	1,893,475
2049	1,522,125	325,000	51,250	1,898,375
2050	1,527,688	340,000	35,000	1,902,688
2051	1,420,631	360,000	18,000	378,000
Total	$ 34,599,338	$ 5,000,000	$ 3,972,125	$ 43,571,462

Average Annual Debt Service Requirement (2027–2051) ..... $ 1,742,858

Maximum Annual Debt Service Requirement (2050) ..... $ 1,902,688

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TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Road System and to pay the expenses of assessing and collecting such taxes. In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." The Board is also authorized to levy an annual ad valorem tax, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on any bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Utility System and to pay the expenses of assessing and collecting such taxes. In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the maintenance and operations of the District for the payment of certain contractual obligations. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

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

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with 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 within the County, including the District. Such appraisal values are subject to review and change by the Montgomery County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District has never adopted such exemption. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent allowed by law. The disabled veteran exemption ranges between $5,000 and $12,000, depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption of the full value of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to

an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

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

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one (1) or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to 10 years, all or any part

of any increase in the assessed value of property covered by the agreement over its assessed value in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

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

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20% of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026, the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor of Texas (the "Governor") on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one (1) political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

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

Disaster Exemption

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the Governor. 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.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three (3) equal installments within six (6) months of the delinquency date.

District and Taxpayer Remedies

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Property 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.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 1. A person 65 years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to 20% if imposed by the District. The delinquent tax also accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. 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 at least 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 equal 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 within the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.07 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 the operation and maintenance tax rate that would impose 1.07 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

The District

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

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 the State of Texas and 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. 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 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 "RISK FACTORS – Tax Collections 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 Outstanding Bonds and the Bonds (and any future tax-supported bonds which 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 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 available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. For the 2026 tax year, the District levied a total tax rate of $1.150 per $100 of assessed valuation composed of $0.46 per $100 of assessed valuation for utility debt service and $0.69 per $100 of assessed valuation for maintenance and operations purposes.

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount)
Road System Debt Service:	Unlimited (no legal limit as to rate or amount)
Maintenance and Operations:	$1.500 per $100 Assessed Taxable Value

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information. The District first levied an ad valorem tax in 2022.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 09/30/2026
2022	$ 49,784,229	$ 1.150	$ 572,519	100.00%	2023	100.00%
2023	59,740,760	1.150	687,019	100.00%	2024	100.00%
2024	77,510,446	1.150	891,370	99.56%	2025	99.83%
2025	146,839,834	1.150	1,688,658	97.05%	2026	97.05%
2026	172,160,976	1.150	1,979,851	(b)	2027	(b)

(a) Total tax rate per $100 of assessed valuation for each respective tax year. See "TAX DATA – Tax Rate Distribution."
(b) In process of collections. Taxes for the 2026 tax year are due with no penalty by January 31, 2027.

Analysis of Tax Base

The following table illustrates the composition of property located within the District for the 2022–2026 tax years:

Type of Property	2026 Assessed Valuation	2025 Assessed Valuation	2024 Assessed Valuation	2023 Assessed Valuation	2022 Assessed Valuation
Land	$ 67,648,591	$ 67,241,621	$ 45,512,529	$ 38,295,718	$ 44,886,719
Improvements	99,350,683	72,293,697	25,672,396	14,154,380	4,897,510
Personal Property	14,641,925	11,902,173	7,998,455	7,586,105	–
Exemptions	(9,480,223)	(4,597,657)	(1,672,934)	(295,443)	–
Total	$ 172,160,976	$ 146,839,834	$ 77,510,446	$ 59,740,760	$ 49,784,229

Tax Rate Distribution

The following table illustrates the breakdown of the District's tax rate in the 2022–2026 tax years:

	2026	2025	2024	2023	2022
Utility System Debt Service (a)	$0.460	$0.000	$0.000	$0.000	$0.000
Road System Debt Service (a)	$0.000	$0.000	$0.000	$0.000	$0.000
Maintenance & Operations	$0.690	$1.150	$1.150	$1.150	$1.150
Total	$1.150	$1.150	$1.150	$1.150	$1.150

(a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued by the District for the Road System; both such taxes are unlimited as to rate or amount. See "THE BONDS – Authority for Issuance."

Principal Taxpayers

Based upon information supplied by the Tax Assessor/Collector, the following table lists principal taxpayers in the District, the types of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2026. Totals may not sum due to rounding.

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	Percent of 2026 Tax Roll
MARKET AT WILLIS ASSOCIATES LLC (a)	Land & Improvements	$ 44,628,296	25.92%
MRSS PARTNERS LTD (b)	Land & Improvements	11,599,068	6.74%
HEB LP	Land & Improvements	8,594,323	4.99%
M I HOMES OF HOUSTON LLC (b)	Land & Improvements	2,953,155	1.72%
QUALCO OPPORTUNITY FUND MORAN LLC	Land & Improvements	1,314,292	0.76%
MORAN RETAIL LTD	Land & Improvements	1,147,980	0.67%
HOMEOWNER	Land & Improvements	819,600	0.48%
BURLINGTON	Land & Improvements	692,172	0.40%
MILLROSE PROPERTIES TEXAS LLC	Land & Improvements	609,000	0.35%
HOMEOWNER	Land & Improvements	570,108	0.33%
Total		$ 72,927,994	42.36%

(a) Market at Willis Associates LLC originally purchased approximately 36 acres within the District, which was developed into an H-E-B grocery store and other retail buildings. They later purchased approximately 31 additional acres within the District, which is being developed as retail property.

(b) See "THE DEVELOPERS."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain combined debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2026 Assessed Valuation of all taxable property located within the District ($172,160,976) or the estimated assessed valuation as of November 1, 2026, of all taxable property located within the District ($227,721,766). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2027–2051) on the Outstanding Bonds and the Bonds	$ 1,742,858
Tax Rate of $1.07 on the 2026 Assessed Valuation Produces	$ 1,750,016
Tax Rate of $0.81 on the Estimated Assessed Valuation as of November 1, 2026 Produces	$ 1,752,319
Maximum Annual Debt Service Requirement (2050) on the Outstanding Bonds and the Bonds	$ 1,902,688
Tax Rate of $1.17 on the 2026 Assessed Valuation Produces	$ 1,913,569
Tax Rate of $0.88 on the Estimated Assessed Valuation November 1, 2026 Produces	$ 1,903,754

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Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2026 taxes levied upon property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the 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.

Taxing Jurisdiction	2026 Tax Rate
Montgomery County	$ 0.386000
Montgomery County Hospital District	0.045800
City of Willis	0.611300
Willis ISD	0.999800
Lone Star College System	0.106000
Montgomery County ESD 1	0.100000
The District	1.150000
Total	$ 3.398900

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel may be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Disclosure Counsel.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the Date of Delivery, executed by both the President of the Board and the Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

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

TAX MATTERS

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"), interest on the Bonds for federal income tax purposes, (1) is excludable from the gross income of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986 (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations, and (2)is not a tax preference item for purposes of the alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District and other parties involved with the issuance of the Bonds, including information and representations contained in the District's federal tax certificate, which Bond Counsel has not independently verifies and (b) continuing compliance with the covenants of the District contained in the Bond documents relating to certain matters, including arbitrage, the source of repayment of the Bonds, limitations on the investment of Bond proceeds, prior to expenditure, and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes, including requirements that must be satisfied subsequent to the issuance of the Bonds. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds. If the District fails to comply with the covenants in the Bond documents or the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel'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, nor is it binding on the Internal Revenue Service and other government entities. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one (1) or more maturities of the Bonds is less than the principal amount thereof or one (1) or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one (1) year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one (1) year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is generally entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the caption "TAX MATTERS" generally apply and should be considered in connection with the discussion in this "Federal Income Tax Accounting Treatment of Original Issue Discount" subsection. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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 (6)-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six (6)-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

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.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

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

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 (1) 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 (1) 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.

Tax Accounting Treatment of Original Issue Premium

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe 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 System ("EMMA").

Annual Reports

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

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six (6) month period, and audited financial statements when and if the audit report becomes available. The District's current fiscal year end is November 30. Accordingly, it must provide updated information by May 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 10 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 SEC Rule 15c2-12 of the Securities Exchange Act (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 other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provision for debt service reserves or liquidity enhancement. 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. 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 foregoing information only to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB through its EMMA system at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of such Rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

To date, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OFFICIAL STATEMENT

General

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

The District's financial statements for the fiscal year ended November 30, 2025, were audited by the Auditor and have been attached hereto as "APPENDIX A." The Auditor has agreed to the publication of such audited financial statements as part of this Official Statement.

Experts

The information contained in this Official Statement relating to development within the District generally and, in particular, the information in the section captioned "DEVELOPMENT WITHIN THE DISTRICT" has been provided by the Developers and has been included herein in reliance upon the authority and knowledge of each such party concerning the matters described therein.

The information contained in this Official Statement relating to engineering matters and to the description of the Utility System generally and, in particular, the engineering information included in the sections captioned "THE UTILITY SYSTEM" and "THE ROAD SYSTEM," has been provided by the Engineer. Such information has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned

"TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

Certification of Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources 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. 176 as of the date shown on the cover of this Official Statement.

/s/ Stanley Gines
President, Board of Directors
Montgomery County Municipal Utility District No. 176

ATTEST:

/s/ Robert Mueller
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 176

APPENDIX A

Financial Statements of the District

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

MONTGOMERY COUNTY, TEXAS

ANNUAL AUDIT REPORT

NOVEMBER 30, 2025

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Mark C. Eyring, CPA, PLLC

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April 9, 2026

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Municipal Utility District No. 176
Montgomery County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Montgomery County Municipal Utility District No. 176 as of and for the year ended November 30, 2025, and the related notes to the financial statements, which collectively comprise Montgomery County Municipal Utility District No. 176's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Montgomery County Municipal Utility District No. 176, as of November 30, 2025, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Montgomery County Municipal Utility District No. 176, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Montgomery County Municipal Utility District No. 176's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. I 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 Montgomery County Municipal Utility District No. 176's internal control. Accordingly, no such opinion is expressed. I evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montgomery County Municipal Utility District No. 176's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County Municipal Utility District No. 176's basic financial statements. The supplementary information on Pages 20 to 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.



Management's Discussion and Analysis

Using this Annual Report

Within this section of the Montgomery County Municipal Utility District No. 176 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended November 30, 2025.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as garbage collection, security service, park security and park maintenance, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's' activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's active funds. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to pro-actively maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not use accounting depreciation expense in managing the District. Rather, management believes that asset condition should be assessed by the daily attention of the District's operator and by the overview of assigned engineering personnel. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	2025	2024	Change
Current and other assets	$ 3,192,867	$ 1,882,240	$ 1,310,627
Capital assets	27,660,605	26,362,913	1,297,692
Total assets	30,853,472	28,245,153	2,608,319
Long-term liabilities	27,542,881	26,268,196	1,274,685
Other liabilities	28,781	104,758	(75,977)
Total liabilities	27,571,662	26,372,954	1,198,708
Total deferred inflows of resources	1,670,582	958,158	712,424
Net position:			
Invested in capital assets, net of related debt	186,724	163,717	23,007
Unrestricted	1,424,504	750,324	674,180
Total net position	$ 1,611,228	$ 914,041	$ 697,187

Summary of Changes in Net Position

	2025	2024	Change
Revenues:			
Property taxes, including related penalty and interest	$ 891,325	$ 685,433	$ 205,892
Other revenues	60,852	41,453	19,399
Total revenues	952,177	726,886	225,291
Expenses:			
Service operations	254,990	236,993	17,997
Debt service	0	0	0
Total expenses	254,990	236,993	17,997
Change in net position	697,187	489,893	207,294
Net position, beginning of year	914,041	424,148	489,893
Net position, end of year	$ 1,611,228	$ 914,041	$ 697,187

Financial Analysis of the District's Funds

The District's General Fund balance as of the end of the fiscal year ended November 30, 2025, was $1,487,995. The General Fund balance increased by $668,671, in accordance with the District's financial plan.

General Fund Budgetary Highlights

The Board of Directors did not see a material need to amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 19 of this report. The budgetary fund balance as of November 30, 2025, was expected to be $1,584,518 and the actual end of year fund balance was $1,487,995.

Capital Asset and Debt Administration

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	Capital Assets (Net of Accumulated Depreciation)		
	2025	2024	Change
Construction in progress	$ 27,660,605	$ 26,362,913	$ 1,297,692

Changes to capital assets during the fiscal year ended November 30, 2025, are summarized as follows:

Additions:	
Utilities, roads and other facilities constructed by developer	$ 1,274,685
Road and utility system improvements by District	23,007
Net change to capital assets	$ 1,297,692

Debt

Subsequent to November 30, 2025, the District issued its $11,275,000 Series 2025 utility bonds on December 23, 2025 and its $9,660,000 Series 2026 road bonds on April 9, 2026.

At November 30, 2025, the District had $64,100,000 unlimited tax bonds authorized but unissued for water, sanitary sewer and drainage purposes, $71,500,000 for road purposes authorized but unissued and $23,700,000 for parks and recreational facilities authorized but unissued.

As further described in Note 5 of the notes to the financial statements, the developers within the District have advanced funds to the District to cover initial operating deficits. As of November 30, 2025, the cumulative amount of developer advances for this purpose was $69,000.

As further described in Note 5 of the notes to the financial statements, the developers within the District are constructing roads, water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality, as applicable. At November 30, 2025, the estimated amount due to the developers was $27,473,881.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

As of November 30, 2025, the District's certified tax base had increased approximately $67,760,000 (about 87%) for the 2025 tax year primarily due to the addition of new homes to the tax base.

The District's tax base is concentrated in a small number of taxpayers. The District's developer owns a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5 of the Notes to the Financial Statements.

Relationship to the City of Willis

Under existing Texas law, because the District lies wholly within the corporate limits of the City of Willis (the "City"), the District may be dissolved by the City. If the District is dissolved, the City must assume the District's assets and obligations (including bonds) on the effective date of the dissolution of the District. The District obtains water, sewer and drainage service from the City.

Furthermore, the District lies within the City of Willis Tax Reinvestment Zone Number One ("TIRZ"). The City and Montgomery County, as participants in the TIRZ, have adopted a TIRZ Second Amended Project Plan and Reinvestment Zone Financing Plan, as it may be amended (collectively, the "TIRZ Plan"). The TIRZ Plan provides that the termination of the operation of the TIRZ shall occur on December 31, 2041. The District, its developers and the City entered into an agreement, effective August 20, 2019, where the District will acquire or construct certain public improvements to the City. In consideration of the District's acquiring or constructing these public improvements on behalf of the City, the City will own, operate and maintain such public improvements. The City agrees to reimburse the District for the costs of the public improvements through its TIRZ Plan. Under the terms of the agreement, the City will make annual payments to the District for each tax year, beginning with the City's 2020 tax year. The first annual payment to the District will occur 30 days after the closing of the District's first bond sale and include all accrued reimbursement amounts. The annual reimbursement amount will be equal to thirty-five cents ($0.35) per one-hundred dollars of taxable assessed value attributable to the property and taxable improvements calculated on tax revenues received by the City, consistent with the terms of the TIRZ Plan.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

NOVEMBER 30, 2025

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	$ 54,445	$	$	$ 54,445	$	$ 54,445
Temporary investments, at cost, Note 7	1,364,000			1,364,000		1,364,000
Receivables:						
Property taxes	1,642,000			1,642,000		1,642,000
Prepaid expenditures	132,422			132,422		132,422
Capital assets, Note 4:				0	27,660,605	27,660,605
Total assets	$3,192,867	$ 0	$ 0	$ 3,192,867	27,660,605	30,853,472
LIABILITIES						
Accounts payable	$ 28,660	$	$	$ 28,660		28,660
Due to taxpayers	121			121		121
Long-term liabilities, Note 5:						
Due in more than one year				0	27,542,881	27,542,881
Total liabilities	28,781	0	0	28,781	27,542,881	27,571,662
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	1,676,091	0	0	1,676,091	(5,509)	1,670,582
FUND BALANCES / NET POSITION						
Fund balances:						
Unassigned	1,487,995			1,487,995	(1,487,995)	0
Total fund balances	1,487,995	0	0	1,487,995	(1,487,995)	0
Total liabilities, deferred inflows, and fund balances	$3,192,867	$ 0	$ 0	$ 3,192,867		
Net position:						
Invested in capital assets, net of related debt					186,724	186,724
Unrestricted, Note 5					1,424,504	1,424,504
Total net position					$ 1,611,228	$ 1,611,228

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

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

FOR THE YEAR ENDED NOVEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	$ 885,816	$	$	$ 885,816	$ 5,509	$ 891,325
Penalty	4,269			4,269		4,269
Interest on deposits	56,583			56,583		56,583
Total revenues	946,668	0	0	946,668	5,509	952,177
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	87,037			87,037		87,037
Contracted services	27,049			27,049		27,049
Repairs and maintenance	120,152			120,152		120,152
Administrative expenditures	20,752			20,752		20,752
Capital outlay / non-capital outlay	23,007			23,007	(23,007)	0
Total expenditures / expenses	277,997	0	0	277,997	(23,007)	254,990
Excess (deficiency) of revenues over expenditures	668,671	0	0	668,671	28,516	697,187
Net change in fund balances / net position	668,671	0	0	668,671	28,516	697,187
Beginning of year	819,324	0	0	819,324	94,717	914,041
End of year	$ 1,487,995	$ 0	$ 0	$ 1,487,995	$ 123,233	$ 1,611,228

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2025

NOTE 1: REPORTING ENTITY

Montgomery County Municipal Utility District No. 176 (the "District") was created by Act of the 86th Texas Legislature, Regular Session 2019, codified at Chapter 8084, Texas Special District Local Laws Code, as a municipal utility district, effective September 1, 2019. The District operates in accordance with Texas Water Code Chapter 49, Article III, Sections 52 and Article XVI, Section 59, of the Texas Constitution. The District was confirmed by an election held within the District on May 2, 2020. The District is located within the corporate limits of the City of Willis and within Montgomery County, Texas. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on February 13, 2020. The District is subject to the continuing supervision of the TCEQ with respect to water, wastewater and drainage.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services and construct and maintain recreational facilities. In addition, pursuant to Texas Water Code Section 54.234, the District is authorized to construct, acquire, improve, maintain or operate roads located within its boundaries. In addition, the District is empowered, if approved by the electorate, the TCEQ and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund 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 if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		$ 1,487,995
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		27,660,605
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Due to developer for operating advances	$ (69,000)	
Due to developer for construction	(27,473,881)	(27,542,881)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Uncollected property taxes		5,509
Net position, end of year		$ 1,611,228

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances	$ 668,671
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	23,007
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:	
Uncollected property taxes	5,509
Change in net position	$ 697,187

NOTE 4: CAPITAL ASSETS

As further described in Note 9, the District, under the terms of the agreements with the City of Willis (the "City"), will obtain water, sewer and drainage service from the City. In consideration of the District's acquiring and constructing these systems on behalf of the City, the City will own, operate and maintain such systems. The District will transfer the ownership of certain capital assets constructed by the District to the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the respective agreement are retired.

Capital asset activity for the fiscal year ended November 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 26,362,913	$ 1,297,692	$ 0	$ 27,660,605
Total capital assets not being depreciated	26,362,913	1,297,692	0	27,660,605
Total capital assets, net	$ 26,362,913	$ 1,297,692	$ 0	$ 27,660,605
Changes to capital assets:				
Capital outlay		$ 23,007	$	
Increase in estimated value of developer construction		1,274,685		
Net increases / decreases to capital assets		$ 1,297,692	$ 0	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Subsequent to November 30, 2025, the District issued its $11,275,000 Series 2025 utility bonds on December 23, 2025 and its $9,660,000 Series 2026 road bonds on April 9, 2026.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Due to developer for operating advances (see below)	$ 69,000	$	$	$ 69,000	----------
Due to developer for construction (see below)	26,199,196	1,274,685	0	27,473,881	----------
Total due to developer	26,268,196	1,274,685	0	27,542,881	0
Total long-term liabilities	$ 26,268,196	$ 1,274,685	$ 0	$ 27,542,881	$ 0

Water, sewer and drainage bonds voted	$	64,100,000
Water, sewer and drainage bonds approved for sale and sold		0
Water, sewer and drainage bonds voted and not issued		64,100,000
Road bonds voted		71,500,000
Road bonds approved for sale and sold		0
Road bonds voted and not issued		71,500,000
Parks and Recreational bonds voted		23,700,000
Parks and Recreational bonds approved for sale and sold		0
Parks and Recreational bonds voted and not issued		23,700,000
Refunding bonds voted		238,950,000
Refunding bonds approved for sale, sold and retired		0
Refunding bonds voted and not issued		238,950,000

Developer Construction Commitments and Liabilities

The developers within the District have advanced funds to the District to cover initial operating deficits. At November 30, 2025, the cumulative amount of unreimbursed developer advances was $69,000. These amounts have been recorded in the government-wide financial statements and in the schedules in Note 5. This amount has been recorded as a decrease in “Unrestricted net position” in the government-wide financial statements. Without this decrease, “Unrestricted net position” would have a balance of $1,493,504.

The developers within the District are constructing certain facilities within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality as applicable. The District's engineer stated that cost of the construction in progress at November 30, 2025, was $27,473,881. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

NOTE 6: PROPERTY TAXES

The Montgomery County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

At an election held May 2, 2020, the voters within the District authorized a maintenance tax not to exceed $1.50 per $100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District. The voters authorized a road maintenance tax not to exceed $1.50 per $100 valuation on all property subject to taxation within the District. This road maintenance tax is to be used for the operation and maintenance of a road system and related storm drainage system within the District. The voters also authorized a park and recreational facilities maintenance tax not to exceed $0.10 per $100 valuation on all property subject to taxation within the District. This park and recreational maintenance tax is to be used for the operation and maintenance of parks and recreational facilities within the District.

On September 11, 2025, the District levied the following ad valorem taxes for the 2025 tax year and the 2026 fiscal year on the adjusted taxable valuation of $145,267,970:

	Rate	Amount
Maintenance	$ 1.15000	$ 1,670,582

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2025 tax year total property tax levy	$ 1,670,582
2025 tax year total property tax levy deferred to 2026 fiscal year	(1,670,582)
2024 tax year total property tax levy deferred to 2025 fiscal year	958,157
Appraisal district adjustments to prior year taxes	(66,832)
Statement of Activities property tax revenues	$ 891,325

Concentration of Tax Base

The District's tax base is concentrated in a small number of taxpayers. The District's developer owns a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5.

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and an authorized private sector investment pool (Texas CLASS). The private sector investment pool is rated AAAm by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in Texas CLASS was $1,364,000.

NOTE 8: 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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

On November 30, 2025, the District had comprehensive general liability coverage with a per occurrence limit of $1,000,000 and $3,000,000 general aggregate, consultant's crime coverage of $10,000 and a tax assessor-collector bond of $10,000.

NOTE 9: AGREEMENTS WITH CITY OF WILLIS

The District lies wholly within the corporate limits of the City of Willis (the "City") and will obtain water, sewer, drainage and drainage service from the City.

Furthermore, the District lies within the City of Willis Tax Reinvestment Zone Number One ("TIRZ"). The City and Montgomery County, as participants in the TIRZ, have adopted a TIRZ Second Amended Project Plan and Reinvestment Zone Financing Plan, as it may be amended (collectively, the "TIRZ Plan"). The TIRZ Plan provides that the termination of the operation of the TIRZ shall occur on December 31, 2041. The District, its developers and the City entered into an agreement, effective August 20, 2019, where the District will acquire or construct certain public improvements to the City. In consideration of the District's acquiring or constructing these public improvements on behalf of the City, the City will own, operate and maintain such public improvements. The City agrees to reimburse the District for the costs of the public improvements through its TIRZ Plan. Under the terms of the agreement, the City will make annual payments to the District for each tax year, beginning with the City's 2020 tax year. The first annual payment to the District will occur 30 days after the closing of the District's first bond sale and include all accrued reimbursement amounts. The annual reimbursement amount will be equal to thirty-five cents ($0.35) per one-hundred dollars of taxable assessed value attributable to the property and taxable improvements calculated on tax revenues received by the City, consistent with the terms of the TIRZ Plan.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED NOVEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 931,630	$ 931,630	$ 885,816	$ (45,814)
Penalty	0	0	4,269	4,269
Interest on deposits and investments	30,000	30,000	56,583	26,583
TOTAL REVENUES	961,630	961,630	946,668	(14,962)
EXPENDITURES				
Service operations:				
Professional fees	127,500	127,500	87,037	(40,463)
Contracted services	4,800	4,800	27,049	22,249
Repairs and maintenance	48,000	48,000	120,152	72,152
Administrative expenditures	16,136	16,136	20,752	4,616
Capital outlay	0	0	23,007	23,007
TOTAL EXPENDITURES	196,436	196,436	277,997	81,561
EXCESS REVENUES (EXPENDITURES)	765,194	765,194	668,671	(96,523)
FUND BALANCE, BEGINNING OF YEAR	819,324	819,324	819,324	0
FUND BALANCE, END OF YEAR	$ 1,584,518	$ 1,584,518	$ 1,487,995	$ (96,523)

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

NOVEMBER 30, 2025

(Schedules included are checked or explanatory notes provided for omitted schedules.)

[X] TSI-1. Services and Rates

[X] TSI-2. General Fund Expenditures

[X] TSI-3. Temporary Investments

[X] TSI-4. Taxes Levied and Receivable

[ ] TSI-5. Long-Term Debt Service Requirements by Years
None at November 30, 2025.

[ ] TSI-6. Changes in Long-Term Bonded Debt
Not applicable.

[X] TSI-7. Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Year
Debt Service Fund not applicable.

[X] TSI-8. Board Members, Key Personnel and Consultants

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

SCHEDULE OF SERVICES AND RATES

NOVEMBER 30, 2025

1. Services Provided by the District during the Fiscal Year:

__ Retail Water	__ Wholesale Water	X Drainage
__ Retail Wastewater	__ Wholesale Wastewater	__ Irrigation
__ 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)

X Other All services are provided by the City of Willis.

2. Retail Service Providers

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

      Contact the City of Willis.

   b. Water and Wastewater Retail Connections:

      Contact the City of Willis.

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

   Contact the City of Willis.

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

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

   If yes, date of the most recent Commission Order: _____

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

   If yes, date of the most recent Commission Order: _____

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

EXPENDITURES

FOR THE YEAR ENDED NOVEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CURRENT				
Professional fees:				
Auditing	$ 6,450	$	$	6,450
Legal	52,193			52,193
Engineering	28,394			28,394
	87,037	0	0	87,037
Contracted services:				
Bookkeeping	7,606			7,606
Tax assessor-collector	9,775			9,775
Central appraisal district	9,668			9,668
	27,049	0	0	27,049
Repairs and maintenance	120,152	0	0	120,152
Administrative expenditures:				
Director's fees	9,282			9,282
Office supplies and postage	4,673			4,673
Insurance	4,068			4,068
Other	2,729			2,729
	20,752	0	0	20,752
CAPITAL OUTLAY				
Authorized expenditures	23,007	0	0	23,007
TOTAL EXPENDITURES	$ 277,997	$ 0	$ 0	$ 277,997

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

ANALYSIS OF CHANGES IN DEPOSITS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED NOVEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues	$ 978,776	$	$	$ 978,776
Overpayments from taxpayers	11,278			11,278
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	990,054	0	0	990,054
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	298,087			298,087
Capital outlay	23,007			23,007
Prepaid expenditures	132,422			132,422
Refund of taxpayer overpayments	11,158			11,158
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	464,674	0	0	464,674
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	525,380	0	0	525,380
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	893,065	0	0	893,065
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	$ 1,418,445	$ 0	$ 0	$ 1,418,445

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

SCHEDULE OF TEMPORARY INVESTMENTS

NOVEMBER 30, 2025

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
Texas CLASS				
No. TX-01-1095-0001	Market	On demand	$ 1,364,000	$ 0

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED NOVEMBER 30, 2025

	Maintenance Taxes
RECEIVABLE, BEGINNING OF YEAR	$ 956,175
Additions and corrections to prior year taxes	(66,832)
Adjusted receivable, beginning of year	889,343
2025 ADJUSTED TAX ROLL	1,670,582
Total to be accounted for	2,559,925
Tax collections: Current tax year	(34,091)
Prior tax years	(883,834)
RECEIVABLE, END OF YEAR	$ 1,642,000
RECEIVABLE, BY TAX YEAR	
2024	$ 5,509
2025	1,636,491
RECEIVABLE, END OF YEAR	$ 1,642,000

Fiscal year 2025 General Fund property tax revenue of $885,816 under the modified accrual basis of accounting is comprised of prior tax year collections of $883,834 during fiscal year 2025 and 2024 tax year collections of $1,982 during fiscal year 2024.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED NOVEMBER 30, 2025

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	2025	2024	2023	2022***
Land	$ 67,178,389	$ 45,512,529	$ 38,295,718	$ 44,886,719
Improvements	70,856,193	26,427,864	14,154,380	4,897,510
Personal property	11,836,736	7,998,455	7,586,105	0
Less exemptions	(4,603,348)	(2,428,402)	(295,443)	0
TOTAL PROPERTY VALUATIONS	$ 145,267,970	$ 77,510,446	$ 59,740,760	$ 49,784,229
MAINTENANCE TAX RATES PER $100 VALUATION*	$ 1.15000	$ 1.15000	$ 1.15000	$ 1.15000
TAX ROLLS	$ 1,670,582	$ 958,158	$ 727,810	$ 575,078
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	2.0%**	99.4%**	100 %	100 %

*Maximum tax rate approved by voters on May 2, 2020: $1.50

**The District's taxes are usually levied in the fall and are not delinquent until after the following January 31.

***First year taxes levied.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED NOVEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
REVENUES										
Property taxes	$ 885,816	$ 684,503	$ 575,078	$	$	93.5 %	94.2 %	99.4 %	%	%
Penalty	4,269	930				0.5	0.1			
Interest on deposits and investments	56,583	41,453	3,499	675	1	6.0	5.7	0.6	100.0	100.0
TOTAL REVENUES	946,668	726,886	578,577	675	1	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	87,037	71,943	44,242	16,615	9,566	9.2	9.9	7.7	2461.5	
Contracted services	27,049	22,869	22,812		2,003	2.9	3.1	3.9		
Repairs and maintenance	120,152	126,837				12.7	17.4			
Administrative expenditures	20,752	15,344	9,543	8,666	1,645	2.2	2.1	1.6	1283.9	
Capital outlay	23,007	163,717				2.4	22.6			
TOTAL EXPENDITURES	277,997	400,710	76,597	25,281	13,214	29.4	55.1	13.2	3745.4	N/A
EXCESS REVENUES (EXPENDITURES)	$ 668,671	$ 326,176	$ 501,980	$ (24,606)	$ (13,213)	70.6 %	44.9 %	86.8 %	(3645.4) %	N/A %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

NOVEMBER 30, 2025

Complete District Mailing Address: Montgomery County Municipal Utility District No. 176
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046

District Business Telephone No.: 713-651-0111

Submission date of the most recent District Registration Form: January 28, 2025

Limit on Fees of Office that a Director may receive during a fiscal year: $7,200

BOARD MEMBERS

Name and Address	Term of Office (Elected/ Appointed)	Fees of Office Paid	Expense Reimb.	Title at Year End
Anthony Le c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/04/24- 5/06/28	$ 1,105	$ 0	President
Stanley Gines c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/04/24- 5/06/28	2,210	476	Vice President/ Invest.Officer
George Jolliff c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/04/24- 5/06/28	2,431	451	Secretary
Cheryl Lawler c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Appointed 9/29/21- 5/02/26	1,105	0	Director
Robert Mueller c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/02/20- 5/02/26	2,431	77	Director

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 176

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

NOVEMBER 30, 2025

CONSULTANTS

Name and Address	Date Hired	Fees and Expense Reimbursements	Title at Year End
Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	2/13/20	$ 52,193	Attorney
L & S District Services, LLC P.O. Box 170 Tomball, Texas 77377	2/13/20	7,606	Bookkeeper
L Squared Engineering 2929 Briarpark Drive, Suite 600 Houston, Texas 77002	2/13/20	51,401	Engineer
Michael Arterburn 11500 Northwest Freeway, Suite 465 Houston, Texas 77092	3/1/22	14,525	Tax Assessor-Collector
Montgomery Central Appraisal District P.O. Box 2233 Conroe, Texas 77305	Legislative Action	9,668	Central Appraisal District
Robert W. Baird & Co. 1331 Lamar, Suite 1360 Houston, Texas 77010	2/13/20	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C-2 Stafford, Texas 77477	2/8/24	6,450	Independent Auditor

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

SPECIMEN

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

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

SPECIMEN