OFFICIAL STATEMENT DATED OCTOBER 26, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

THE BONDS HAVE BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry Only

Insured Rating (BAM): S&P "AA" (stable outlook)
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$4,200,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 211

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

UNLIMITED TAX ROAD BONDS
SERIES 2026

The bonds described above (the "Bonds") are obligations solely of Montgomery County Municipal Utility District No. 211 (the "District") and are not obligations of the State of Texas, Montgomery County, the City of Conroe or any entity other than the District.

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

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

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the date of delivery (expected on or about November 24, 2026) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

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 BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM" or the "Insurer"). See "MUNICIPAL BOND INSURANCE" herein.

MATURITY SCHEDULE

Principal Amount	Maturity (September 1)	CUSIP Number (a)	Interest Rate	Initial Reoffering Yield (b)	Principal Amount	Maturity (September 1)	CUSIP Number (a)	Interest Rate	Initial Reoffering Yield (b)
$ 75,000	2028	61375M CE8	7.500 %	3.530 %	$ 125,000	2037 (c)	61375M CP3	5.000 %	4.600 %
80,000	2029	61375M CF5	7.500	3.650	130,000	2038 (c)	61375M CQ1	5.000	4.740
85,000	2030	61375M CG3	7.500	3.750	***	***	***	***	***
90,000	2031	61375M CH1	7.500	3.880	155,000	2041 (c)	61375M CT5	5.000	5.040
95,000	2032	61375M CJ7	7.500	4.000	160,000	2042 (c)	61375M CU2	5.000	5.090
100,000	2033 (c)	61375M CK4	7.500	4.100	170,000	2043 (c)	61375M CV0	5.125	5.150
105,000	2034 (c)	61375M CL2	7.500	4.170	180,000	2044 (c)	61375M CW8	5.125	5.200
110,000	2035 (c)	61375M CM0	6.000	4.250	190,000	2045 (c)	61375M CX6	5.250	5.270
120,000	2036 (c)	61375M CN8	5.000	4.500					

$285,000 Term Bonds due September 1, 2040 (c), 61375M CS7 (a), 5.000% Interest Rate, 5.000% Yield (b)
$410,000 Term Bonds due September 1, 2047 (c), 61375M CZ1 (a), 5.250% Interest Rate, 5.350% Yield (b)
$460,000 Term Bonds due September 1, 2049 (c), 61375M DB3 (a), 5.375% Interest Rate, 5.394% Yield (b)
$510,000 Term Bonds due September 1, 2051 (c), 61375M DD9 (a), 5.375% Interest Rate, 5.411% Yield (b)
$565,000 Term Bonds due September 1, 2053 (c), 61375M DF4 (a), 5.375% Interest Rate, 5.446% Yield (b)

(a) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(b) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter (as herein defined) for offers to the public and which subsequently may be changed.

(c) Bonds maturing on or after September 1, 2033, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 24, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, for further information.

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

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

Build America Mutual Assurance Company ("BAM" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Fidelity Capital Markets (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.0784% of the par value thereof which resulted in a net effective interest rate of 5.538740%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

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

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... The District is a political subdivision of the State of Texas, created by the Texas Commission on Environmental Quality ("TCEQ") on July 11, 2022, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District contains approximately 344 acres of land. See "THE DISTRICT—General."

Location... The District is located in western Montgomery County, Texas, approximately 42 miles north of the downtown business district of the City of Houston. The District consists of two non-contiguous tracts. One tract is bounded on the north by Farm-to-Market 2854, the east by Johnson Road, and the west by Mound Creek. The second tract is bounded on the east by Farm-to-Market 2854 and the south by Kinkaid Road West. The District lies partially within the extraterritorial jurisdiction of the City of Conroe (the "City") and within the boundaries of Montgomery Independent School District. See "THE DISTRICT" and "AERIAL LOCATION MAP."

The Developer... The developer of Lone Star Landing, Sections One through Three and Berryknoll, Section One, is M/I Homes of Houston, LLC, a Delaware limited liability company ("M/I Homes" or the "Developer"). M/I Homes is wholly-owned by M/I Homes, Inc., an Ohio corporation, whose common stock is listed on the New York Stock Exchange under the ticker symbol "MHO". See RISK FACTORS—Dependence on Principal Taxpayers and the Developer," "THE DEVELOPER" and "TAX DATA—Principal Taxpayers."

Status of Development... Current single-family residential development in the District consists of Lone Star Landing, Sections One through Three (403 single-family residential lots on approximately 101 acres) and Berryknoll, Section One (107 single-family residential lots on approximately 70 acres). As of September 28, 2026, 187 homes were completed and occupied, 79 homes were under construction or in a builder's name and 244 vacant developed lots were available for home construction.

There are approximately 90 acres of undeveloped but developable land and approximately 83 acres of undevelopable land (public rights-of-way, detention, open spaces, easements, and utility sites) in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

Homebuilding… The Developer is currently the sole homebuilder in the District. According to the Developer, the sales price of homes in the District ranges from approximately $276,000 to over $850,000. See "THE DISTRICT—Homebuilding."

Payment Record... The District has previously issued $3,900,000 of unlimited tax bonds for water, wastewater and drainage facilities in one series and $3,900,000 of unlimited tax bonds for road facilities in one series, all of which is outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District capitalized twenty-four (24) months of interest from proceeds of the Series 2025 Bonds in November 2025, twenty-four (24) months of interest from proceeds of the Series 2025 Road Bonds in December 2025 and will capitalize $231,000 of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The District has never defaulted on its debt obligations.

THE BONDS

Description... The $4,200,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are being issued as fully registered bonds pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in each of the years 2028 through 2038, both inclusive, and 2041 through 2045, both inclusive, and as term bonds maturing on September 1 in each of the years 2040, 2047, 2049, 2051, and 2053 (the "Term Bonds"), in the principal amounts and accruing interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery and is payable March 1, 2027, and each September 1 and March 1 thereafter, until the earlier of maturity or redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. See "THE BONDS."

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

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

Use of Proceeds... Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," including to pay interest on funds advanced by the Developer on behalf of the District; to capitalize $231,000 of interest on the Bonds; and to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds.

Authority for Issuance... The Bonds are the second series of bonds issued out of an aggregate of $101,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing or acquiring road facilities. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "RISK FACTORS—Future Debt," "THE BONDS—Authority for Issuance" and "—Issuance of Additional Debt."

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

Municipal Bond Rating and Municipal Bond Insurance… S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. An explanation of the rating may be obtained from S&P. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

Qualified Tax-Exempt Obligations... The Bonds have been designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

Bond Counsel...	Allen Boone Humphries Robinson LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS" and "TAX MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar...	BOKF, NA, Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$76,853,292	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$87,895,593	(b)
Gross Direct Debt Outstanding	$12,000,000	(c)
Estimated Overlapping Debt	5,510,075	(d)
Gross Direct Debt and Estimated Overlapping Debt	$17,510,075	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	15.61%	
Estimated Taxable Assessed Valuation as of August 1, 2026	13.65%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	22.78%	
Estimated Taxable Assessed Valuation as of August 1, 2026	19.92%	
Funds Available for Debt Service as of September 28, 2026:		
Water/Wastewater/Drainage Debt Service Funds	$231,165	(e)(f)
Road Debt Service Funds	237,618	(e)(f)
Capitalized Interest from Bond Proceeds	231,000	(f)(g)
Total Debt Service Funds Available	$699,783	
Water/Wastewater/Drainage Capital Projects Funds Available as of September 28, 2026	$120,130	
Road Capital Projects Funds Available as of September 28, 2026	$5,749	
Operating Funds Available as of September 28, 2026	$177,431	(h)
2026 Debt Service Tax Rate	$0.320	(i)
2026 Maintenance and Operations Tax Rate	0.945	
2026 Total Tax Rate	$1.265	
Average Annual Debt Service Requirement (2027-2053)	$809,196	(j)
Maximum Annual Debt Service Requirement (2052)	$860,875	(j)
Tax Rates Required to Pay Average Annual Debt Service (2027-2053) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$1.11	(k)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2026	$0.97	(k)
Tax Rates Required to Pay Maximum Annual Debt Service (2052) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$1.18	(k)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2026	$1.04	(k)
Status of Development as of September 28, 2026 (l):		
Total Developed Lots	510	
Homes Completed and Occupied	187	
Homes Under Construction or in a Builder's Name	79	
Lots Available for Home Construction	244	
Estimated Population	655	(m)

(a) The Montgomery Central Appraisal District (the "Appraisal District") has certified $74,975,208 of taxable value and an additional $1,878,084 of taxable value remains uncertified. The uncertified value is subject to review and downward revision or adjustment prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

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

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

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

(e) Includes capitalized interest from the Outstanding Bonds.

(f) Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities, including the Bonds, and are not available to pay debt service on bonds issued for water, wastewater and drainage facilities. Funds in the Water/Wastewater/Drainage Debt Service Fund are available to pay debt service on bonds issued for water, wastewater and drainage facilities and are not available to pay debt service on the bonds issued for road facilities, including the Bonds. See "THE BONDS—Funds."

(g) The District will capitalize $231,000 of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(h) See "RISK FACTORS—Operating Funds."

(i) The District adopted a 2026 debt service tax rate of $0.32 per $100 of taxable assessed valuation, of which $0.13 is allocated to water, sewer and drainage bonds and $0.19 is allocated to road bonds.

(j) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

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

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

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

OFFICIAL STATEMENT

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 211

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

$4,200,000

UNLIMITED TAX ROAD BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Montgomery County Municipal Utility District No. 211 (the "District") of its $4,200,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

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

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, M/I Homes of Houston, LLC ("M/I Homes" or the "Developer"). All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

RISK FACTORS

General

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

Operating Funds

The District's current primary sources of operating revenue are maintenance tax revenue, water and sewer revenue, tap fees, and advances from the Developer. The District levied a total tax rate in the amount of $1.265 per $100 of taxable assessed valuation with $0.945 allocated to maintenance and operations. The District's Operating Fund balance as of September 28, 2026, was $177,431. The ability of the District to maintain a positive Operating Fund balance may depend upon (1) cash subsidies from the Developer, and (2) continued development and increased amounts of maintenance tax revenue and water and sewer revenue. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. Such a tax rate, when added to the District's debt service tax rate, may result in a total District tax rate in excess of similar developments and could adversely affect continued development of the District, as well as willingness of taxpayers to pay taxes on their property. See "Dependence on Principal Taxpayers" herein, "THE DEVELOPER," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—General Operating Fund," and "TAX DATA—Maintenance and Operations Tax."

Dependence on Principal Taxpayers and the Developer

The ten principal taxpayers represent $29,545,950 or 39.41% of the certified portion ($74,975,208) of the 2026 Taxable Assessed Valuation of $76,853,292 within the District. The Developer represents $24,080,867 or 32.12% of the certified portion of the 2026 Taxable Assessed Valuation. See "THE DEVELOPER" and "TAX DATA—Principal Taxpayers." Accurate taxpayer lists related to the uncertified portion ($1,878,084) of the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2026, of $87,895,593, are not available. The ability of the Developer or any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Road Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect upon the District's ability to pay debt service on the Bonds.

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

Undeveloped Acreage, Vacant Land and Vacant Lots

There are approximately 90 developable acres of land in the District that have not been fully provided with water, sanitary sewer, storm sewer, road and other facilities necessary for the construction of taxable improvements. Additionally, 244 single-family residential lots remain vacant as of September 28, 2026. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding program. Future increases in value will result primarily from the construction of lots and homes by the Developer. Failure of the Developer to develop the developable land or to construct taxable improvements on developed lots could restrict the rate of growth of taxable values in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

Developer Obligation to the District

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

Economic Factors and Interest Rates

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

Credit Markets and Liquidity in the Financial Markets

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

Increase in Costs of Building Materials

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

Competition

The demand for and construction of single-family homes in the District could be affected by competition from other residential developments located in the northern portion of the greater Houston metropolitan area. Such homes could represent additional competition for new homes proposed to be sold within the District. The competitive position of the Developer in the sale of single-family residential homes within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and/or marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2026 Taxable Assessed Valuation is $76,853,292 ($74,975,208 of certified value plus $1,878,084 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $860,875 (2052), and the average annual debt service requirement will be $809,196 (2027-2053 inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, a tax rate of $1.18 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and $1.11 per $100 taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the average annual debt service requirements. The Estimated Taxable Assessed Valuation as of August 1, 2026, is $87,895,593, which reduces the above calculations to $1.04 and $0.97 per $100 of taxable assessed valuation, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2026, the District can make no representations regarding the future level of assessed valuation within the District. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2026, will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

Potential Effects of Oil Price Volatility on the Houston Region

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

Extreme Weather

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

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

Specific Flood Type Risks

The District may be subject to the following flood risks:

River (or Fluvial) Flood: occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet flow overland. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam, levee or reservoir also could potentially create a flooding condition in rivers, bayous or man-made drainage systems (canals or channels) downstream.

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

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid purpose. The District's voters have authorized a total of $101,500,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring roads and related facilities and $101,500,000 principal amount of unlimited tax bonds for refunding such obligations. The District's voters have also authorized a total of $206,200,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring water, wastewater and drainage facilities and $206,200,000 principal amount of unlimited tax bonds for refunding such obligations. After the issuance of the Bonds, $93,400,000 principal amount of the unlimited tax bonds for road facilities, $202,300,000 principal amount of the unlimited tax bonds for water, wastewater and drainage facilities, and all of the authorization for refunding bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and could adversely affect the security for, and the investment quality and value of, the Bonds. See "THE BONDS—Issuance of Additional Debt."

To date, the Developer has advanced certain funds for engineering and construction of water, wastewater and drainage facilities and roads and related facilities for which they have not been reimbursed. According to the Engineer, after the reimbursements are made with Bond proceeds, the District will owe approximately $8,200,000 plus interest to the Developer for the construction of water, wastewater and drainage facilities and $4,800,000 plus interest for road facilities. The District intends to issue additional bonds in order to reimburse the Developer and any other landowners for existing development and to develop the remainder of undeveloped but developable land (approximately 90 acres). The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. Further, the outstanding principal amount of unlimited tax bonds issued by the District for constructing and/or acquiring park and recreational facilities may not exceed one percent (1%) of the District's taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not more than three percent (3%) of the value of the taxable property in the District. The District has not considered calling an election for park bond authorization but could consider doing so in the future. The issuance of additional bonds for water, wastewater and drainage facilities and park and recreational facilities is subject to approval by the TCEQ (as defined herein) pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Marketability of the Bonds

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

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

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

Cybersecurity

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Underwriter has entered into an agreement with Build America Mutual Assurance Company ("BAM" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P. See "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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

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

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

THE BONDS

Description

The Bonds will be dated November 1, 2026, and interest will accrue from the Date of Delivery with interest payable each March 1 and September 1 (each an "Interest Payment Date"), beginning March 1, 2027, and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of $5,000 or any integral multiple of $5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

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

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remains outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are appraised, levied and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

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

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution 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 that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Funds

In the Bond Resolution, the Road Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

The Road Debt Service Fund is available for payment of principal and interest on bonds issued for road facilities, including the Bonds. It is not available to pay principal or interest on bonds issued for water, wastewater and drainage facilities. The District maintains a Water/Wastewater/Drainage Debt Service Fund that is available for payment of debt service on bonds issued for water, wastewater and drainage facilities. It is not available to pay principal or interest on bonds issued for road facilities, including the Bonds.

$231,000 of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Road Capital Projects Fund, to be used for the purpose of paying for certain construction costs, paying interest on funds advanced by the Developer, and paying the costs of issuance of the Bonds. Any monies remaining in the Road Capital Projects Fund after completion of construction of all road facilities will be used as described in the Bond Resolution or ultimately transferred to the Road Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2040, 2047, 2049, 2051 and 2053 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amount set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$285,000 Term Bonds Due September 1, 2040		$410,000 Term Bonds Due September 1, 2047		$460,000 Term Bonds Due September 1, 2049	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2039	$ 140,000	2046	$ 200,000	2048	$ 225,000
2040 (maturity)	145,000	2047 (maturity)	210,000	2049 (maturity)	235,000

$510,000 Term Bonds Due September 1, 2051		$565,000 Term Bonds Due September 1, 2053	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2050	$ 250,000	2052	$ 275,000
2051 (maturity)	260,000	2053 (maturity)	290,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond 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 Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond 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 registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000 on September 1, 2032, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

If a Bond subject to redemption is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption.

When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Authority for Issuance

At a bond election held within the District on November 8, 2022, voters of the District authorized the issuance of $101,500,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring roads and related facilities. The Bonds are issued pursuant to such authorization.

The Bonds are issued by the District pursuant to terms and conditions of the Bond Resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution.

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

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

Lost, Stolen or Destroyed Bonds

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

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District's voters have authorized a total of $101,500,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring roads and related facilities and $101,500,000 principal amount of unlimited tax bonds for refunding such obligations. The District's voters have also authorized a total of $206,200,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring water, wastewater and drainage facilities and $206,200,000 principal amount of unlimited tax bonds for refunding such obligations. The District could authorize additional amounts. After the issuance of the Bonds, $93,400,000 principal amount of the unlimited tax bonds for road facilities, $202,300,000 principal amount of the unlimited tax bonds for water, wastewater and drainage facilities, and all of the authorization for refunding bonds will remain authorized but unissued. See "RISK FACTORS—Future Debt."

If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not more than three percent (3%) of the value of the taxable property in the District. The District has not considered calling an election for park bond authorization but could consider doing so in the future.

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 master plan and bonds for such purposes by the qualified voters in the District; (b) approval of the master plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes.

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.

Annexation by the City of Conroe

Under existing Texas law, since the District lies partially within the extraterritorial jurisdiction of the City, the District must conform to a City ordinance consenting to the creation of the District. In addition, except as set forth below under "Strategic Partnership Agreement," the District may be annexed by the City without the District's consent. If the District is annexed, the City would assume the District's assets and obligations (including the Bonds) and may dissolve the District. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur. See "Strategic Partnership Agreement" below.

Strategic Partnership Agreement

The District lies partially within the extraterritorial jurisdiction of the City. The District and the City entered into a Strategic Partnership Agreement (the "SPA") to establish the conditions of annexation on November 14, 2024. Under the SPA, the City has the right to annex the District for "limited purposes," specifically for the levy of the City's sales and use tax within the District's boundaries. The limited purpose annexation may not be converted to a full purpose annexation until December 31, 2041. On the full purpose annexation date, the land included within the boundaries of the District shall be deemed to be within the full purpose boundary limits of the City without the need for any further action. Upon such date, all taxable property within the territory of the District shall become subject to ad valorem taxation by the City. If debt of the District remains outstanding on the full purpose annexation date or if the District has not fully reimbursed any developers within the District in accordance with any written reimbursement agreement, then the City may continue the District as a "limited district." The "limited district" shall continue to be known as Montgomery County Municipal Utility District No. 211 and shall continue until the City dissolves the District pursuant to the terms of the SPA. The powers of the "limited district" are the same as prior District powers, except that none of the District's facilities may be transferred to another party without the consent of the City. The "limited district" is expressly authorized and required to levy and collect taxes sufficient to meet its outstanding debt service requirements for debt previously issued by the District and to pay necessary operating expenses associated therewith.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds) with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Remedies in Event of Default

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Elevation Land Solutions, the District's engineer (the "Engineer") and are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor prior to disbursement. Surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used.

I. CONSTRUCTION COSTS		
• Berryknoll, Section One Paving	$	822,669
• Lone Star Landing, Section Three Paving		1,430,011
• Engineering and Materials Testing		146,392
• Land Acquisition Costs		1,014,485
Total Construction Costs	**$**	**3,413,557**
II. NON-CONSTRUCTION COSTS		
• Underwriter's Discount (a)	$	122,706
• Capitalized Interest		231,000
• Developer Interest		160,948
Total Non-Construction Costs	**$**	**514,654**
III. ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	244,295
• Engineering Fees		20,000
• Attorney General Fees		4,200
• Contingency (a)		3,294
Total Issuance Costs and Fees	**$**	**271,789**
TOTAL BOND ISSUE	**$**	**4,200,000**

(a) Contingency represents the difference in the estimated and actual amount of Underwriter's Discount.

THE DISTRICT

General

The District is a political subdivision of the State of Texas, created by the TCEQ on July 11, 2022, and operates pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended. The District contains approximately 344 acres of land.

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

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

Description and Location

The District is located in western Montgomery County, Texas, approximately 42 miles north of the downtown business district of the City of Houston. The District consists of two non-contiguous tracts. One tract is bounded on the north by Farm-to-Market 2854, the east by Johnson Road, and the west by Mound Creek. The second tract is bounded on the east by Farm-to-Market 2854 and the south by Kinkaid Road West. The District lies partially within the extraterritorial jurisdiction of the City and within the boundaries of Montgomery Independent School District. See "AERIAL LOCATION MAP."

Land Use

The District's land plan currently includes approximately 171 acres developed as 510 single-family residential lots, approximately 90 acres of undeveloped but developable land and approximately 83 acres of undevelopable land (public rights-of-way, detention, open spaces, easements, and utility sites). The table below represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots
Lone Star Landing		
Section One	17	62
Section Two	40	138
Section Three	44	203
Subtotal	101	403
Berryknoll		
Section One	70	107
Total Single Family Residential	171	510
Future Development	90	--
Undevelopable (a)	83	--
Totals	344	510

(a) Includes public rights-of-way, detention, open spaces, easements, and utility sites.

Status of Development

Current single-family residential development in the District consists of Lone Star Landing, Sections One through Three (403 single-family residential lots on approximately 101 acres) and Berryknoll, Section One (107 single-family residential lots on approximately 70 acres). As of September 28, 2026, 187 homes were completed and occupied, 79 homes were under construction or in a builder's name and 244 vacant developed lots were available for home construction. The estimated population in the District based upon 3.5 persons per occupied single-family residence is 655.

There are an additional approximately 90 acres of undeveloped but developable land and approximately 83 acres of undevelopable land (public rights-of-way, detention, open spaces, easements, and utility sites) in the District.

Homebuilding

The Developer is currently the sole homebuilder in the District. According to the Developer, the sales price of homes in the District ranges from approximately $276,000 to over $850,000. See "THE DEVELOPER."

Future Development

The District is currently being developed as a single-family residential development. Approximately 90 developable acres of land currently within the District are not yet served with water distribution and supply, wastewater collection and treatment, storm drainage facilities or roads. See "RISK FACTORS—Future Debt." The Engineer has stated that under regulatory criteria and current development plans, the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of $295,700,000 should be sufficient to finance the construction of facilities to complete the District's water, wastewater, drainage, and road system for full development of the District.

THE DEVELOPER

General

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

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

None of the Developer, nor any affiliates of the Developer, are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. None of the Developer nor any affiliates of the Developer, have any legal commitment to the District or the holders of the Bonds to continue development of the land within the District, and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time. See "RISK FACTORS—Dependence on Principal Taxpayers and the Developer" and "TAX DATA—Principal Taxpayers."

M/I Homes of Houston, LLC

The developer of Lone Star Landing, Sections One through Three and Berryknoll, Section One is M/I Homes of Houston, LLC, a Delaware limited liability company ("M/I Homes" or "The Developer"). M/I Homes is wholly-owned by M/I Homes, Inc., an Ohio corporation, whose common stock is listed on the New York Stock Exchange under the ticker symbol "MHO." The Developer continues to own approximately 90 acres of undeveloped but developable land in the District. See "RISK FACTORS—Dependence on Principal Taxpayers and the Developer" and "TAX DATA—Principal Taxpayers."

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 https://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' website, available by hyperlink from M/I Homes' website or on the SEC's website, is not incorporated into this OFFICIAL STATEMENT.**

Obligations of the Developer

There are no commitments from or obligations of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Further, the financial condition of the Developer is subject to change at any time. Failure to construct taxable improvements on developed tracts of land or developed lots could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable property. See "RISK FACTORS—Developer Obligation to the District."

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	District Board Title	Term Expires
John Michael Buford	President	May 2028
Carrie Bivins	Vice President	May 2030
Austin Goings	Secretary	May 2028
Vivian Shudde	Assistant Vice President	May 2030
Juan Manuel Gutierrez-Barraza	Assistant Secretary	May 2030

District Consultants

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

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

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

Auditor: The District's financial statements for the fiscal year ended August 31, 2025, were audited by McGrath & Co., PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's audited financial statements for the fiscal year ended August 31, 2025. The District has engaged McGrath & Co., PLLC to audit its financial statements for the fiscal year ended August 31, 2026.

Engineer: The District's consulting engineer is Elevation Land Solutions.

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

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

Bookkeeper: The District has contracted with Myrtle Cruz, Inc. (the "Bookkeeper") for bookkeeping services.

THE ROAD SYSTEM

The road system serves the residents of the District by providing access to major thoroughfares and collector roads within the District and the surrounding area. The internal subdivision streets and collector roads convey the residents of the District to Farm-to-Market 2854. All roads are maintained or will be maintained by Montgomery County. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

Water Supply

The District receives water supply from MSEC Enterprises, Inc. ("MSEC") through the Wholesale Water Service Agreement (as amended, the "Water Agreement"). Pursuant to the Water Agreement, MSEC agrees to provide sufficient water supply capacity to serve up to 870 equivalent single-family connections ("ESFC"), which is sufficient to serve the existing 266 ESFCs within the District (187 completed homes and 79 homes under construction or in the name of a builder). MSEC owns and operates the water production and water distribution facilities to the District's boundary and the District will own the capacity in such facilities necessary to serve the District. The District is responsible for the construction, ownership, operation, and maintenance of its own internal water distribution facilities as necessary to develop and serve the District. The District pays MSEC a capacity rate of $261,912 annually. The capacity rate is subject to adjustment every 3 years, commencing in 2026.

Wastewater Treatment

The District currently receives wastewater treatment for the Lone Star Landing Tract from MSEC through the Wholesale Wastewater Service Agreement (the "Wastewater Agreement"). Pursuant to the Wastewater Agreement, MSEC agrees to provide sufficient wastewater treatment capacity to serve up to 610 ESFCs, which is sufficient to serve the existing 252 ESFCs within Lone Star Landing (187 completed homes and 65 homes under construction or in the name of a builder). MSEC constructed a 287,500 gallons per day ("gpd") wastewater treatment plant facility within the District. MSEC owns and operates the wastewater treatment plant facility, and the District will own the capacity in such facility necessary to serve the District. The District is responsible for the construction, ownership, operation, and maintenance of its own internal wastewater collection facilities outside of the wastewater treatment plant boundaries as necessary to develop and serve the District. The District pays MSEC a reservation of capacity fee of $1,800 per lot after each plat is recorded. It is expected that the District will enter an amendment to the Wastewater Agreement to provide wastewater treatment capacity to serve up to 254 ESFCs within the Berryknoll development, increasing the total capacity available to the District from 610 ESFCs to up to 864 ESFCs. If this amendment is not executed by the District, MSEC, and the Developer, the District will construct a 75,000 gpd wastewater treatment plant to serve the Berryknoll development. The Developer has applied for a wastewater discharge permit from the TCEQ and, if the District constructs a wastewater treatment plant to serve the Berryknoll development, this permit will be transferred to the District upon approval. There are currently no completed homes and 14 homes are under construction or in the name of builder within the Berryknoll development.

Water Distribution, Wastewater Collection and Storm Drainage

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 510 single-family residential lots on approximately 171 acres. See "THE DISTRICT—Land Use."

100-Year Flood Plain

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

The District ultimately outfalls storm water into Mound Creek. According to the Engineer, approximately 10 undevelopable acres within the District are within the 100-year floodplain or floodway according to FEMA FIRM Panel No. 48339C0375G.

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties. 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.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$76,853,292	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$87,895,593	(b)
Gross Direct Debt Outstanding	$12,000,000	(c)
Estimated Overlapping Debt	5,510,075	(d)
Gross Direct Debt and Estimated Overlapping Debt	$17,510,075	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	15.61%	
Estimated Taxable Assessed Valuation as of August 1, 2026	13.65%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	22.78%	
Estimated Taxable Assessed Valuation as of August 1, 2026	19.92%	
Funds Available for Debt Service as of September 28, 2026:		
Water/Wastewater/Drainage Debt Service Funds	$231,165	(e)(f)
Road Debt Service Funds	237,618	(e)(f)
Capitalized Interest from Bond Proceeds	231,000	(f)(g)
Total Debt Service Funds Available	$699,783	
Water/Wastewater/Drainage Capital Projects Funds Available as of September 28, 2026	$120,130	
Road Capital Projects Funds Available as of September 28, 2026	$5,749	
Operating Funds Available as of September 28, 2026	$177,431	(h)

(a) The Appraisal District has certified $74,975,208 of taxable value and an additional $1,878,084 of taxable value remains uncertified. The uncertified value is subject to review and downward revision or adjustment prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

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

(c) After the issuance of the Bonds. Includes the Bonds and the Outstanding Bonds. See "Outstanding Bonds" below.

(d) See "Estimated Overlapping Debt" herein.

(e) Includes capitalized interest from the Outstanding Bonds.

(f) Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities, including the Bonds, and are not available to pay debt service on bonds issued for water, wastewater and drainage facilities. Funds in the Water/Wastewater/Drainage Debt Service Fund are available to pay debt service on bonds issued for water, wastewater and drainage facilities and are not available to pay debt service on the bonds issued for road facilities, including the Bonds. See "THE BONDS—Funds."

(g) The District will capitalize $231,000 of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(h) See "RISK FACTORS—Operating Funds."

Investments of the District

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

Outstanding Bonds

The District has previously issued $3,900,000 principal of unlimited tax bonds for water, wastewater and drainage facilities in one series and $3,900,000 principal amount of unlimited tax bonds for road facilities in one series, all of which is outstanding as of the date hereof (the "Outstanding Bonds").

Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds and the Bonds. This schedule does not reflect that the District capitalized twenty-four (24) months of interest from proceeds of the Series 2025 Bonds in November 2025, twenty-four (24) months of interest from proceeds of the Series 2025 Road Bonds in December 2025, and will capitalize $231,000 of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 508,985.00	$ -	$ 180,468.39	$ 180,468.39	$ 689,453.39
2028	512,797.50	75,000	234,543.75	309,543.75	822,341.25
2029	506,197.50	80,000	228,918.75	308,918.75	815,116.25
2030	509,597.50	85,000	222,918.75	307,918.75	817,516.25
2031	512,585.00	90,000	216,543.75	306,543.75	819,128.75
2032	515,160.00	95,000	209,793.75	304,793.75	819,953.75
2033	517,322.50	100,000	202,668.75	302,668.75	819,991.25
2034	518,972.50	105,000	195,168.75	300,168.75	819,141.25
2035	519,706.25	110,000	187,293.75	297,293.75	817,000.00
2036	519,888.75	120,000	180,693.75	300,693.75	820,582.50
2037	529,510.00	125,000	174,693.75	299,693.75	829,203.75
2038	528,228.75	130,000	168,443.75	298,443.75	826,672.50
2039	526,496.25	140,000	161,943.75	301,943.75	828,440.00
2040	534,312.50	145,000	154,943.75	299,943.75	834,256.25
2041	531,226.25	155,000	147,693.75	302,693.75	833,920.00
2042	537,463.75	160,000	139,943.75	299,943.75	837,407.50
2043	532,583.75	170,000	131,943.75	301,943.75	834,527.50
2044	537,238.75	180,000	123,231.25	303,231.25	840,470.00
2045	540,701.25	190,000	114,006.25	304,006.25	844,707.50
2046	543,218.75	200,000	104,031.25	304,031.25	847,250.00
2047	544,596.25	210,000	93,531.25	303,531.25	848,127.50
2048	545,018.75	225,000	82,506.25	307,506.25	852,525.00
2049	544,325.00	235,000	70,412.50	305,412.50	849,737.50
2050	552,668.75	250,000	57,781.25	307,781.25	860,450.00
2051	549,568.75	260,000	44,343.75	304,343.75	853,912.50
2052	555,506.25	275,000	30,368.75	305,368.75	860,875.00
2053	-	290,000	15,587.50	305,587.50	305,587.50
Total	$13,773,876.25	$ 4,200,000	$ 3,874,418.39	$ 8,074,418.39	$ 21,848,294.64

Average Annual Debt Service Requirements (2027-2053) $809,196
Maximum Annual Debt Service Requirement (2052) $860,875

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Montgomery County	$ 535,450,000	8/31/2026	0.080%	$ 428,360
Montgomery Independent School District	564,635,000	8/31/2026	0.900%	5,081,715
Total Estimated Overlapping Debt				$ 5,510,075
The District's Total Direct Debt (a)				12,000,000
Total Direct and Estimated Overlapping Debt				$ 17,510,075

Direct and Estimated Overlapping Debt as a Percentage of:	
2026 Taxable Assessed Valuation $76,853,292	22.78%
Estimated Taxable Assessed Valuation as of August 1, 2026 of $87,895,593	19.92%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

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

	Tax Rate per $100 of Taxable Assessed Valuation
Montgomery County	0.3860
Montgomery County Hospital District	0.0458
Montgomery Independent School District	1.0479
Montgomery County Emergency Services District No. 3	0.1000
Total Overlapping Tax Rate	$ 1.5797
The District (a)	1.2650
Total Tax Rate	$ 2.8447

(a) See "TAX DATA—Historical Tax Rate Distribution."

General Operating Fund

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the fiscal years ended August 31, 2023 through 2025, and an unaudited summary provided by the Bookkeeper for the fiscal year ended August 31, 2026. See "RISK FACTORS—Operating Funds." Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended August 31			
	2026	2025	2024	2023
	(unaudited)			
Revenues:				
Water Service	$ 239,041	$ 151,939	$ 84,402	$ -
Sewer Service	119,277	77,454	47,057	-
Property Taxes	480,000	245,784	36,326	-
Penalty and Interest	3,582	2,314	1,827	-
Tap Connection and Inspection Fees	171,914	47,294	165,305	-
Regional Water Authority Fees	84,314	63,600	32,439	-
Miscellaneous	-	2,720	2,270	-
Investment Earnings	-	1,135	286	1,614
Total Revenue	$ 1,098,129	$ 592,240	$ 369,912	$ 1,614
Expenditures:				
Purchased Services	$ 536,459	$ 336,341	$ 129,023	$ -
Professional Fees	153,583	168,303	117,522	160,446
Contracted Services	39,860	107,628	71,432	11,500
Repairs and Maintenance	78,090	135,383	204,020	-
Utilities	-	-	902	-
Administrative	19,840	19,159	15,280	18,903
Other	176,810	1,116	9,025	309
Capital Outlay	-	634,855	82,077	764,606
Total Expenditures	$ 1,004,641	$ 1,402,785	$ 629,281	$ 955,764
NET REVENUES	$ 93,487	$ (810,545)	$ (259,369)	$ (954,150)
Other Financing Sources (a)	$ 90,000	$ 665,400	$ 205,000	$ 929,606
General Operating Fund Balance (Beginning of Year)	$ (224,058)	$ (78,913)	$ (24,544)	$ -
General Operating Fund Balance (End of Year)	$ (40,571)	$ (224,058)	$ (78,913)	$ (24,544)

(a) Developer advances. See "RISK FACTORS—Operating Funds."

TAX DATA

Debt Service Tax

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

Maintenance and Operations Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted on November 8, 2022, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation and a road maintenance tax at a rate not to exceed $0.25 per $100 of taxable assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds.

Historical Tax Rate Distribution

	2026 (a)	2025	2024	2023 (b)
Debt Service Tax	$ 0.320	$ -	$ -	$ -
Maintenance Tax	0.945	1.250	1.250	1.250
Total	$ 1.265	$ 1.250	$ 1.250	$ 1.250

(a) The District adopted a 2026 debt service tax rate of $0.32 per $100 of taxable assessed valuation, of which $0.13 is allocated to water, sewer and drainage bonds and $0.19 is allocated to road bonds.
(b) Initial year of taxation.

Additional Penalties

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

Historical Tax Collections

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "Tax Roll Information" below.

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of September 30, 2026 (b) Amount	Percent
2023	$ 2,906,090	$ 1.250	$ 36,326	$ 36,326	100.00%
2024	19,783,241	1.250	247,291	247,291	99.99%
2025	49,580,120	1.250	619,752	594,961	96.00%
2026	76,853,292	1.265	972,194	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted. See "Tax Roll Information" below.
(b) Unaudited.
(c) In the process of collection. Taxes for the 2026 tax year are due by January 31, 2027.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2023 through 2026 Taxable Assessed Valuations. Accurate breakdowns of the uncertified portion ($1,878,084) of the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2026, of $87,895,593, are not available. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

	2026 Taxable Assessed Valuation	2025 Taxable Assessed Valuation	2024 Taxable Assessed Valuation	2023 Taxable Assessed Valuation
Land	$ 33,756,625	$ 16,936,361	$ 14,497,293	$ 2,468,290
Improvements	43,074,036	33,949,221	5,264,072	437,800
Personal Property	1,246,268	756,453	99,699	-
Gross Assessed Valuation	$ 78,076,929	$ 51,642,035	$ 19,861,064	$ 2,906,090
Exemptions	(3,101,721)	(2,061,915)	(77,823)	-
Uncertified Value	1,878,084	-	-	-
Total	$ 76,853,292	$ 49,580,120	$ 19,783,241	$ 2,906,090

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the certified portion ($74,975,208) of the 2026 Taxable Assessed Valuation of $76,853,292. Accurate principal taxpayer lists related to the uncertified portion ($1,878,084) of the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2026, of $87,895,593, are not available.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
M/I Homes of Houston LLC (a)	$ 24,080,867	32.12%
Individual	745,370	0.99%
Individual	664,307	0.89%
Universal Natural Gas	663,600	0.89%
Individual	590,992	0.79%
Individual	572,426	0.76%
Individual	560,000	0.75%
Individual	559,677	0.75%
Individual	558,232	0.74%
Individual	550,479	0.73%
Total	$ 29,545,950	39.41%

(a) See "RISK FACTORS—Dependence on Principal Taxpayers and the Developer" and "THE DEVELOPER."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $76,853,292 ($74,975,208 of certified value plus $1,878,084 of uncertified value) or the Estimated Taxable Assessed Valuation as of August 1, 2026, of $87,895,593. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "RISK FACTORS—Possible Impact on District Tax Rates" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2027-2053)	$809,196
$1.11 Tax Rate on the 2026 Taxable Assessed Valuation	$810,418
$0.97 Tax Rate on the Estimated Taxable Assessed Valuation as of August 1, 2026	$809,958
Maximum Annual Debt Service Requirement (2052)	$860,875
$1.18 Tax Rate on the 2026 Taxable Assessed Valuation	$861,525
$1.04 Tax Rate on the Estimated Taxable Assessed Valuation as of August 1, 2026	$868,408

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2026 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. For tax year 2026, the District has not granted any such exemptions for individuals disabled and/or 65 years of age or older. Furthermore, the District must grant exemptions to

disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forced who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

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

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

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

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

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

District and Taxpayer Remedies

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which 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 value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not

entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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

Tax Payment Installments After Disaster

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

Additionally, the Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area, and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described in the preceding section under "Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM" or the "Insurer") 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 APPENDIX B to this OFFICIAL STATEMENT.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: https://bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos: For certain BAM-insured issues, BAM produces and posts a brief credit insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any presale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the Underwriter of the Bonds, and the issuer and Underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under "THE BONDS," "THE DISTRICT—General, and "—Strategic Partnership Agreement" "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS", and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or non encumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if 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 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 Resolution 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.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Qualified Tax-Exempt Obligations

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

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

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense.

Additional Federal Income Tax Considerations

Collateral Tax Consequences: Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. 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.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium: If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. 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.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. 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.

Tax Accounting Treatment of Original Issue Discount: If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS—Tax Exemption" and "TAX MATTERS—Additional Federal Income Tax Considerations—Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID 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 OID 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 cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such OID 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 (i) 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 (ii) the amounts payable as current interest during such accrual period on such Bond.

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

Tax Legislative Changes: Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could 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 recently enacted, proposed, pending or future legislation.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Consultants

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

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

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

Auditor: The District's financial statements the fiscal year ended August 31, 2025 were audited by McGrath & Co., PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's August 31, 2025, financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—General Operating Fund" has been provided by Myrtle Cruz, Inc. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," (except for "Estimated Overlapping Debt"), "TAX DATA," and in "APPENDIX A—Financial Statement of the District." The District will update and provide this information within six months after the end of each fiscal year ending in or after 2026. Any financial statements 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 period to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

In addition, the District has agreed to provide information with respect to the Developer, any person or entity to whom the Developer voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the Bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District will be obligated to provide information concerning the Developer and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District's bonds then outstanding. The information to be provided with respect to the Developer is found in "TAX DATA – Principal Taxpayers."

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by February 28 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

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

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects; nor has the District agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance With Prior Undertakings

Since the District's first issuance of bonds in 2025, the District has complied in all material respects with its prior continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

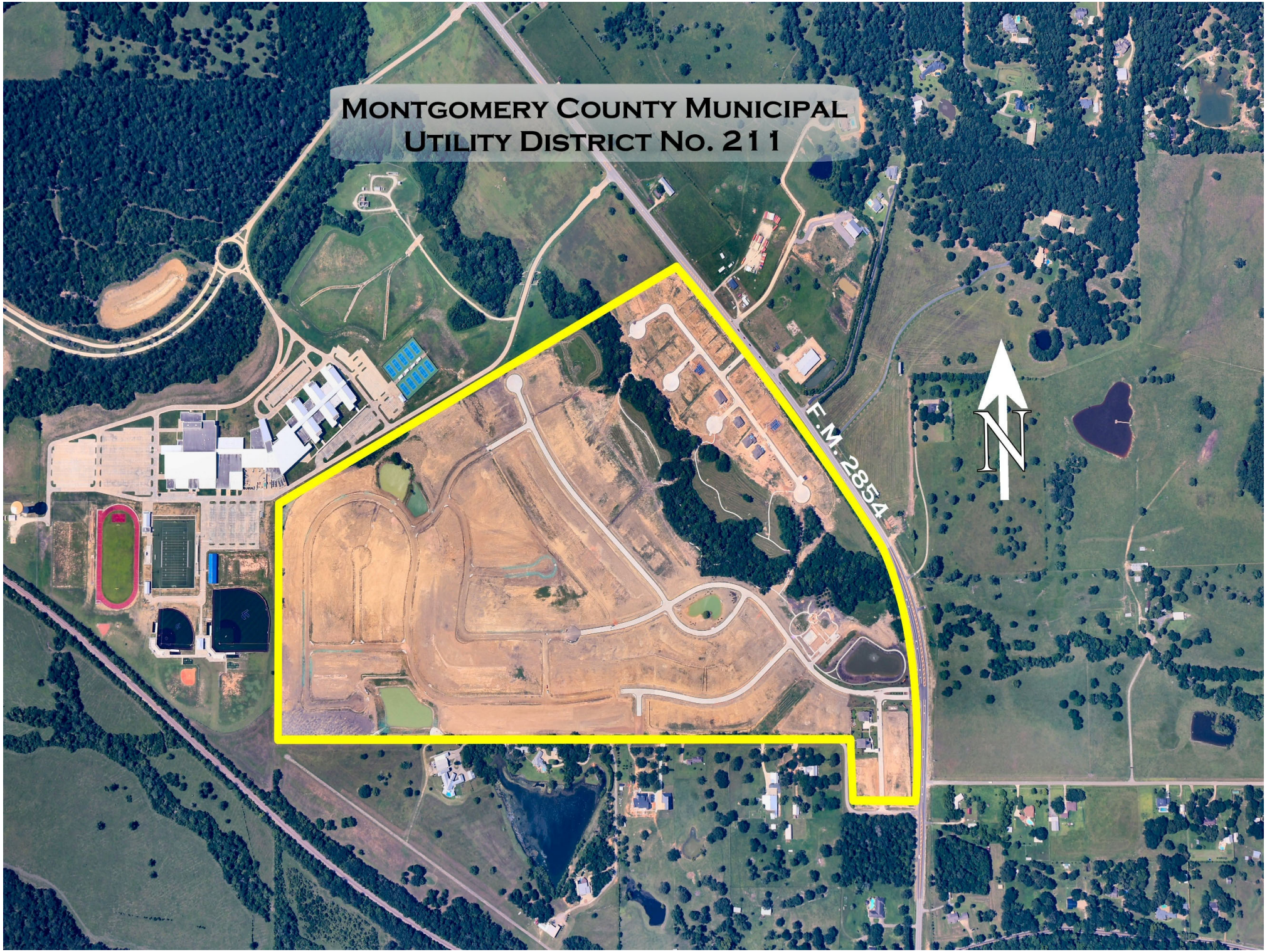
All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this OFFICIAL STATEMENT involving matters of opinion or estimates, whether or not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

/s/ John Michael Buford
President, Board of Directors

ATTEST:

/s/ Austin Goings
Secretary, Board of Directors

AERIAL LOCATION MAP
(As of July 2026)


Montgomery County Municipal
Utility District No. 211
F.M. 2854
N


F.M. 2854
N
MONTGOMERY COUNTY MUNICIPAL
UTILITY DISTRICT NO. 211

PHOTOGRAPHS OF THE DISTRICT
(As of July 2026)












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281-223-1022


AVAILABLE


SOLD


Warning
This is a
Hard Hat Area




DRYline
DRYline
DRYline
DRYline



APPENDIX A

Financial Statement of the District for the fiscal year ended August 31, 2025

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 211

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

August 31, 2025

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McGRATH & CO., PLLC

Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 211
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of Montgomery County Municipal Utility District No. 211 (the "District"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of Montgomery County Municipal Utility District No. 211, as of August 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, beginning net position has been restated to correct a misstatement from prior periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to

continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

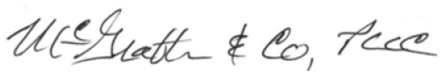
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and,

although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas
December 15, 2025

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Montgomery County Municipal Utility District No. 211 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended August 31, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at August 31, 2025, was negative $5,005,368. The District's net position is negative because the District incurs debt to construct public road facilities which it conveys to Montgomery County and because the District relies on advances from its developer to fund operating costs. A comparative summary of the District's overall financial position, as of August 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 174,408	$ 62,932
Capital assets	7,567,699	5,607,983
Total assets	7,742,107	5,670,915
Current liabilities	395,495	141,845
Long-term liabilities	12,351,980	9,328,171
Total liabilities	12,747,475	9,470,016
Net position		
Net investment in capital assets	(41,046)	(210,831)
Unrestricted	(4,964,322)	(3,588,270)
Total net position	$ (5,005,368)	$ (3,799,101)

During the current fiscal year, the District determined that certain capital assets and related long-term liabilities had been overstated in prior fiscal years due to an error in the calculation of the estimated amount due to the developer. Accordingly, the District restated its beginning balances of capital assets, net of accumulated depreciation, and long-term liabilities as of the start of the current fiscal year. Comparative amounts for fiscal year 2024 have been restated accordingly. See Notes 3, 5, and 6 for additional information.

The total net position of the District decreased during the current fiscal year by $1,206,267. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Water and sewer service	$ 229,393	$ 131,459
Property taxes, penalties and interest	251,069	38,153
Other	114,749	200,300
Total revenues	595,211	369,912
Expenses		
Current service operations	767,930	547,204
Depreciation and amortization	112,065	83,075
Total expenses	879,995	630,279
Change in net position before other items	(284,784)	(260,367)
Other items		
Transfers to other governments	(921,483)	(660,359)
Change in net position	(1,206,267)	(920,726)
Net position, beginning of year (2024 restated)	(3,799,101)	(2,878,375)
Net position, end of year (2024 restated)	$ (5,005,368)	$ (3,799,101)

As previously noted, comparative amounts reported for the 2024 fiscal year for depreciation and amortization, beginning net position and ending net position have been restated due to the correction of an error in previous fiscal years. See Notes 3, 5, and 6 for additional information.

Financial Analysis of the District's General Fund

Fund balances in the District's General Fund, as of August 31, 2025, was negative $224,058. A comparative summary of the General Fund's financial position as of August 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 174,408	$ 62,932
Total liabilities	$ 395,495	$ 141,845
Total deferred inflows	2,971	
Total fund balance	(224,058)	(78,913)
Total liabilities, deferred inflows and fund balance	$ 174,408	$ 62,932

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

	2025	2024
Total revenues	$ 592,240	$ 369,912
Total expenditures	(1,402,785)	(629,281)
Revenues under expenditures	(810,545)	(259,369)
Other changes in fund balance	665,400	205,000
Net change in fund balance	$ (145,145)	$ (54,369)

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District, tap connection fees charged to homebuilders in the District and developer advances.

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.
- Water, sewer and regional water authority fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.
- The District's developer advances funds to the District as needed to pay operating costs.

Negative fund balance in the General Fund is the result of timing differences between developer advances and expenditures for which those advances are intended to fund.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated developer advances.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $144,245 less than budgeted. The *Budgetary Comparison Schedule* on page 30 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at August 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	$ 3,294,579	$ 2,410,408
Capital assets being depreciated/amortized		
Infrastructure	3,143,666	2,590,911
Water and sewer capacity charges	1,399,461	764,606
	4,543,127	3,355,517
Less accumulated depreciation/amortization		
Infrastructure	(195,955)	(119,712)
Water and sewer capacity charges	(74,052)	(38,230)
	(270,007)	(157,942)
Depreciable/amortizable capital assets, net	4,273,120	3,197,575
Capital assets, net	$ 7,567,699	$ 5,607,983

As previously noted, the District restated the beginning balance of capital assets to correct an error in prior fiscal years. Accordingly, comparative amounts for infrastructure and related accumulated depreciation have been restated.

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

- Wholesale water and wastewater capacity charges
- Lonestar Landing Phase 2 – mass grading and offsite sanitary sewer
- Lonestar Landing Section 2 Reserve E detention pond (8.274 acres)

Additionally, Montgomery County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended August 31, 2025, capital assets in the amount of $921,483 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of August 31, 2025, the District owes approximately $12,351,980 to the developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $8,920,000 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future

bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At August 31, 2025, the District had $206,200,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sewer and drainage facilities within the District and $206,200,000 for the refunding of such bonds; and $101,500,000 for road improvements and $101,500,000 for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately $16,046,000 for the 2025 tax year from $19,900,394 to $35,946,614. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of $1.25 per $100 of assessed value. This is the same rate levied for the 2024 tax year.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2025 Actual	2026 Budget
Total revenues	$ 592,240	$ 805,970
Total expenditures	(1,402,785)	(899,860)
Revenues under expenditures	(810,545)	(93,890)
Other changes in fund balance	665,400	93,890
Net change in fund balance	(145,145)	
Beginning fund balance	(78,913)	(224,058)
Ending fund balance	$ (224,058)	$ (224,058)

Basic Financial Statements

Montgomery County Municipal Utility District No. 211
Statement of Net Position and Governmental Fund Balance Sheet
August 31, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	$ 89,828	$ -	$ 89,828
Investments	5,682		5,682
Taxes receivable	2,971		2,971
Customer service receivables	39,267		39,267
Prepaid items	33,667		33,667
Other receivables	2,993		2,993
Capital assets not being depreciated		3,294,579	3,294,579
Capital assets, net		4,273,120	4,273,120
Total Assets	$ 174,408	7,567,699	7,742,107
Liabilities			
Accounts payable	$ 363,228		363,228
Other payables	565		565
Customer deposits	24,004		24,004
Unearned revenue	7,698		7,698
Due to developer		12,351,980	12,351,980
Total Liabilities	395,495	12,351,980	12,747,475
Deferred Inflows of Resources			
Deferred property taxes	2,971	(2,971)	
Fund Balances/Net Position			
Fund Balance			
Nonspendable	33,667	(33,667)	
Unassigned	(257,725)	257,725	
Total Fund Balance	(224,058)	224,058	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 174,408		
Net Position			
Net investment in capital assets		(41,046)	(41,046)
Unrestricted		(4,964,322)	(4,964,322)
Total Net Position		$ (5,005,368)	$ (5,005,368)

See notes to basic financial statements.

Montgomery County Municipal Utility District No. 211
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance
For the Year Ended August 31, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Water service	$ 151,939	$ -	$ 151,939
Sewer service	77,454		77,454
Property taxes	245,784	2,971	248,755
Penalties and interest	2,314		2,314
Tap connection and inspection	47,294		47,294
Regional water authority fees	63,600		63,600
Miscellaneous	2,720		2,720
Investment earnings	1,135		1,135
Total Revenues	592,240	2,971	595,211
Expenditures/Expenses			
Current service operations			
Purchased services	336,341		336,341
Professional fees	168,303		168,303
Contracted services	107,628		107,628
Repairs and maintenance	135,383		135,383
Administrative	19,159		19,159
Other	1,116		1,116
Capital outlay	634,855	(634,855)	
Depreciation and amortization		112,065	112,065
Total Expenditures/Expenses	1,402,785	(522,790)	879,995
Revenues Under Expenditures	(810,545)	525,761	(284,784)
Other Financing Sources			
Developer advances	665,400	(665,400)	
Other Items			
Transfers to other governments		(921,483)	(921,483)
Net Change in Fund Balance	(145,145)	145,145	
Change in Net Position		(1,206,267)	(1,206,267)
Fund Balance/Net Position			
Beginning of the year, as reported	(78,913)	(3,804,972)	(3,883,885)
Change due to error correction (See Note 3)		84,784	84,784
Beginning of the year, as restated	(78,913)	(3,720,188)	(3,799,101)
End of the year	$ (224,058)	$ (4,781,310)	$ (5,005,368)

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Montgomery County Municipal Utility District No. 211 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated July 11, 2022, under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on August 3, 2022.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. The District uses only a General Fund to account for its operations. The District's principal financial resources are property taxes, water and sewer services, and developer advances. Expenditures include costs associated with the daily operations of the District.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

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

Use of Restricted Resources

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

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At August 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is $50,000. The threshold for subscription-based information technology arrangements (SBITAs) is $100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10-45 years
Water and sewer capacity charges	Remaining life of contract

The District's detention facilities are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District does not have any restricted fund balances.

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

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

Unassigned - resources not included in the other components.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ (224,058)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 7,837,706	
Less accumulated depreciation/amortization	(270,007)	
		7,567,699
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of due to developer.		(12,351,980)
Deferred inflows in the fund statements consist of property taxes receivables that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.		2,971
Total net position - governmental activities		$ (5,005,368)

Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* to the *Statement of Activities*

Net change in fund balances - total governmental funds		$ (145,145)
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes.		2,971
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	$ 634,855	
Transfers to other governments	(921,483)	
Depreciation/amortization expense	(112,065)	
		(398,693)
Financial reporting for long-term obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as liabilities are acquired and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for developer advances.		(665,400)
Change in net position of governmental activities		$ (1,206,267)

Note 3 – Prior Period Restatement

During the current fiscal year, the District determined that the estimated amount due to the developer for certain capital assets (water, sewer, and drainage facilities) had been incorrectly calculated in prior fiscal years, resulting in overstatements of both capital assets and the amount due to developer. Accordingly, the District restated its beginning balances to reduce the estimated amount due to developer by $1,907,656 and depreciable capital assets, net of accumulated depreciation, by $1,822,872 resulting in an increase to beginning net position of $84,784. Comparative information in the Management's Discussion and Analysis and supplementary schedules have been restated.

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

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

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

As of August 31, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	$ 5,682	AAAm	44 days

TexSTAR

The Texas Short Term Asset Reserve fund ("TexSTAR") is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended August 31, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 2,410,408	$ 884,171	$ 3,294,579
Capital assets being depreciated/amortized			
Infrastructure	2,590,911	552,755	3,143,666
Water and sewer capacity charges	764,606	634,855	1,399,461
	3,355,517	1,187,610	4,543,127
Less accumulated depreciation/amortization			
Infrastructure	(119,712)	(76,243)	(195,955)
Water and sewer capacity charges	(38,230)	(35,822)	(74,052)
	(157,942)	(112,065)	(270,007)
Subtotal depreciable/amortizable capital assets, net	3,197,575	1,075,545	4,273,120
Capital assets, net	$ 5,607,983	$ 1,959,716	$ 7,567,699

Depreciation/amortization expense for the current fiscal year was $112,065.

As discussed in Note 3, the District restated the beginning balances of certain capital assets and related accumulated depreciation to correct a prior-period error. Accordingly, beginning balances for infrastructure in the current fiscal year differ from those previously reported.

Note 6 – Due to Developer

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

proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

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

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

Due to developer, beginning of year, as restated	$	9,328,171
Developer funded construction and adjustments		2,358,409
Operating advances from developer		300,000
Developer funded wastewater capacity charges		365,400
Due to developer, end of year	$	12,351,980

As discussed in Note 3, the District restated the beginning balance of estimated amounts due to developer to correct a prior-period error. Accordingly, the beginning balance in the current fiscal year differs from that previously reported.

In addition, the District will owe the developer approximately $8,920,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

		Contract Amount*
Lonestar Landing section 3 - paving	$	1,910,000
Lonestar Landing section 3 - utilities		3,020,000
Berryknoll Phase 1 - mass grading and drainage		1,330,000
Berryknoll Phase 1 - utilities		1,890,000
FM 2854 at Johnson Road improvements		770,000
	$	8,920,000

* Rounded to the nearest $10,000.

Note 7 – Long term Debt

At August 31, 2025, the District had authorized but unissued bonds in the amount of $206,200,000 for water, sewer and drainage facilities and $206,200,000 for the refunding of such bonds; and $101,500,000 for road improvements and $101,500,000 for the refunding of such bonds.

Note 8 – Property Taxes

On November 8, 2022, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value and a road maintenance tax limited to $0.25 per $100 of assessed value.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of $1.25 per $100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was $248,755 on the adjusted taxable value of $19,900,394.

Note 9 – Transfers to Other Governments

Montgomery County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Montgomery County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended August 31, 2025, the District recorded transfers to other governments in the amount of $921,483 for road facilities constructed by a developer within the District.

Note 10 – Wholesale Wastewater Service Agreement

On September 1, 2022, the District entered into a wholesale wastewater service agreement with MSEC Wastewater, Inc. (the "MSEC") for construction and extension of sanitary sewer collection systems to serve the District. The term of the agreement is 40 years.

The District is responsible for all costs necessary to design and construct any improvements necessary to collect wastewater from the District's customers and discharge wastewater to MSEC. In order to provide wholesale wastewater service to the District, it is necessary for MSEC to construct a wastewater treatment plant. Upon completion of construction, ownership of the plant shall remain with MSEC. However, the District will own and have exclusive rights to the capacity for 610 equivalent single-family connections in the wastewater treatment plant.

Additionally, the District is required to pay for wholesale wastewater treatment service based on rates set by MSEC, which consist of a flat charge of $70 per month per lot.

Note 11 – Wholesale Water Service Agreement

On September 18, 2023, the District entered into a wholesale water service agreement with MSEC Enterprises, Inc. for construction and extension of water transmission lines to serve the District. The term of the agreement is 40 years. In order to provide wholesale water services to the District, it is

necessary for MSEC Enterprises Inc. to construct the transmission lines. The developer and/or the District engineer shall be solely responsible for the design and permitting of the new facilities, and MSEC Enterprises Inc. will be responsible for construction.

On April 28, 2025, the District executed a First Amendment to the agreement to incorporate two annexation tracts and authorize construction of an additional transmission line (the "Berryknoll Waterline"). Under the amended terms, MSEC will provide wholesale capacity for a total of 870 equivalent single-family connections (610 original and 260 annexed). The amendment increases the fixed annual capacity charge to $261,912 once fully phased in and maintains the volume rate of $4.75 per 1,000 gallons, subject to adjustment for inflation or regulatory cost changes. All other terms and conditions of the original agreement remain in full force and effect, including that payments.

During the current year, the District recognized expenditures of $269,455 payable to MSEC Enterprises, Inc. for the estimated cost of the Berryknoll Waterline. Once the project is completed and final costs are determined, the District shall remit payment for any costs in excess of the estimate or receive refund for any over-payment.

Note 12 – Strategic Partnership Agreement

On November 14, 2024, the District and the City of Conroe entered into a Strategic Partnership Agreement under which the City shall not fully annex the District until December 31, 2043, or until at least ninety percent of the District's developable acreage has been developed with water, wastewater, and drainage facilities and its developer has been reimbursed as allowed by the Texas Commission on Environmental Quality. The City may annex any commercial portion of the District at any time for the purpose of imposing and collecting the City's sales and use tax within the commercial area. The District continues to exercise all powers and functions of a municipal utility district.

Note 13 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 14 – Economic Dependency

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

Note 15 – Subsequent Event

On November 25, 2025, the District issued its $3,900,000 Series 2025 Unlimited Tax Bonds at a net effective rate of 4.879438%. Proceeds from the bonds were used to reimburse the District's developer

for operating advances and infrastructure improvements in the District and to pay capitalized interest into the District's Debt Service Fund.

Additionally, on November 17, 2025, the District accepted bids and awarded the sale of its $3,900,000 Series 2025 Unlimited Tax Road Bonds at a net effective rate of 4.868471%. The sale is scheduled to close on December 17, 2025. Proceeds of the bonds will be used to reimburse the District's developer for the road improvements within the District and to pay capitalized interest into the District's Debt Service Fund.

Required Supplementary Information

Montgomery County Municipal Utility District No. 211
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended August 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	$ 48,000	$ 48,000	$ 151,939	$ 103,939
Sewer service	30,000	30,000	77,454	47,454
Property taxes	264,000	264,000	245,784	(18,216)
Penalties and interest	260	260	2,314	2,054
Tap connection and inspection	166,000	166,000	47,294	(118,706)
Regional water authority fees	17,000	17,000	63,600	46,600
Miscellaneous			2,720	2,720
Investment earnings	500	500	1,135	635
Total Revenues	525,760	525,760	592,240	66,480
Expenditures				
Current service operations				
Purchased services	80,000	80,000	336,341	(256,341)
Professional fees	144,000	144,000	168,303	(24,303)
Contracted services	163,000	163,000	107,628	55,372
Repairs and maintenance	198,000	198,000	135,383	62,617
Administrative	31,660	31,660	19,159	12,501
Other	10,000	10,000	1,116	8,884
Capital outlay			634,855	(634,855)
Total Expenditures	626,660	626,660	1,402,785	(776,125)
Revenues Under Expenditures	(100,900)	(100,900)	(810,545)	(709,645)
Other Financing Sources				
Developer advances		100,000	665,400	565,400
Net Change in Fund Balance	(100,900)	(900)	(145,145)	(144,245)
Fund Balance				
Beginning of the year	(78,913)	(78,913)	(78,913)	
End of the year	$ (179,813)	$ (79,813)	$ (224,058)	$ (144,245)

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated developer advances.

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Texas Supplementary Information

Montgomery County Municipal Utility District No. 211
TSI-1. Services and Rates
August 31, 2025

1. Services provided by the District During the Fiscal Year:

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

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

[ ] Other (Specify): _____

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	$ 48.00	6,000	N	$ 5.10	6,000 to no limit
Wastewater:	$ 48.00	N/A	Y	$ -	- to no limit
Surcharge:	$ 3.87	N/A	N	$ 3.87	1,000 to no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 107.12 Wastewater $ 48.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	161	161	x 1.0	161
1"	1	1	x 2.5	3
1.5"			x 5.0	
2"	2	2	x 8.0	16
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	164	164		180
Total Wastewater	160	160	x 1.0	160

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 211
TSI-1. Services and Rates
August 31, 2025

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

Gallons purchased*:	20,622,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	20,622,000	100.00%

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

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

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

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

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

5. Location of District

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

County in which the District is located: Montgomery County

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

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

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

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

ETJs in which the District is located: City of Conroe

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

If Yes, by whom? _____

*Purchased from Montgomery Trace Water System

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 211
TSI-2. General Fund Expenditures
For the Year Ended August 31, 2025

Purchased services	$	336,341
Professional fees		
Legal		97,001
Audit		13,000
Engineering		58,302
		168,303
Contracted services		
Bookkeeping		13,250
Operator		10,567
Garbage collection		27,212
Tax collection fees		7,450
Appraisal district fees		3,204
Tap connection and inspection		45,945
		107,628
Repairs and maintenance		135,383
Administrative		
Directors fees		12,376
Printing and office supplies		1,667
Insurance		3,148
Other		1,968
		19,159
Other		1,116
Capital outlay		634,855
Total expenditures	$	1,402,785

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 211
TSI-3. Investments
August 31, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexSTAR	Variable	N/A	$ 5,682

See accompanying auditor's report.

Montgomery County Municipal Utility District No. 211
TSI-4. Taxes Levied and Receivable
August 31, 2025

	Maintenance Taxes
Taxes Receivable, Beginning of Year	$ -
2024 Original Tax Levy	182,241
Adjustments	66,514
Adjusted Tax Levy	248,755
Tax collections:	
Current year	245,784
Taxes Receivable, End of Year	$ 2,971
Taxes Receivable, By Year	
2024	$ 2,971

	2024	2023
Property Valuations:		
Land	$ 14,548,018	$ 2,468,290
Improvements	5,330,500	437,800
Personal Property	99,699	
Exemptions	(77,823)	
Total Property Valuations	$ 19,900,394	$ 2,906,090
Tax Rates per $100 Valuation:		
Maintenance tax rates	$ 1.25	$ 1.25
Adjusted Tax Levy:	$ 248,755	$ 36,326
Percentage of Taxes Collected to Taxes Levied **	98.81%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 8, 2022
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on November 8, 2022
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

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Montgomery County Municipal Utility District No. 211
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Three Fiscal Years

	Amounts		
	2025	2024	2023
Revenues			
Water service	$ 151,939	$ 84,402	$ -
Sewer service	77,454	47,057	
Property taxes	245,784	36,326	
Penalties and interest	2,314	1,827	
Tap connection and inspection	47,294	165,305	
Regional water authority fees	63,600	32,439	
Miscellaneous	2,720	2,270	
Investment earnings	1,135	286	1,614
Total Revenues	592,240	369,912	1,614
Expenditures			
Current service operations			
Purchased services	336,341	129,023	
Professional fees	168,303	117,522	160,446
Contracted services	107,628	71,432	11,500
Repairs and maintenance	135,383	204,020	
Utilities		902	
Administrative	19,159	15,280	18,903
Other	1,116	9,025	309
Capital outlay	634,855	82,077	764,606
Total Expenditures	1,402,785	629,281	955,764
Revenues Under Expenditures	(810,545)	(259,369)	(954,150)
Other Financing Sources			
Developer advances	665,400	205,000	929,606
Net Change in Fund Balance	(145,145)	(54,369)	(24,544)
Fund Balance, Beginning of the year	(78,913)	(24,544)	-
End of the year	$ (224,058)	$ (78,913)	$ (24,544)
Total Active Retail Water Connections	164	118	N/A
Total Active Retail Wastewater Connections	160	115	N/A

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues		
2025	2024	2023
26%	23%	-%
13%	13%	
42%	10%	
*	*	
8%	44%	
11%	9%	
*	1%	
*	*	-
100%	100%	-
57%	35%	
28%	32%	-
18%	19%	-
23%	55%	
	*	
3%	4%	-
*	2%	-
107%	22%	-
236%	169%	-
(136%)	(69%)	-%

Montgomery County Municipal Utility District No. 211
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended August 31, 2025

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, TX 77027
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 30, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
John Michael Buford	05/24 - 05/28	$ 2,652	$ 439	President
Carrie Bivins	10/24 - 05/26	1,989		Vice President
Austin Goings	05/24 - 05/28	2,431		Secretary
Vivian Shudde	11/22 - 05/26	2,652		Assistant Vice President
Juan Manuel Gutierrez-Barraza	11/22 - 05/26	2,652		Assistant Secretary
Casey Collins	11/22 - 10/24			Former Director
Consultants		Amounts Paid		
Allen Boone Humphries Robinson, LLP *General legal fees*	2022	$ 84,855		Attorney
Municipal District Services, LLC	2023	279,355		Operator
Myrtle Cruz, Inc.	2023	14,164		Bookkeeper
Assessments of the Southwest, Inc.	2023	7,450		Tax Collector
Montgomery Central Appraisal District	Legislation	3,204		Property Valuation
Perdue, Brandon, Collins & Mott, LLP	2023	7,388		Delinquent Tax Attorney
Elevation Land Solutions	2022	59,608		Engineer
McGrath & Co., PLLC	2023	13,000		Auditor
Masterson Advisors, LLC	2023			Financial Advisor

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

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_____ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)

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