OFFICIAL STATEMENT DATED NOVEMBER 17, 2026

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; SEE "TAX MATTERS" HEREIN. HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS.

THE BONDS HAVE BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR QUALIFYING FINANCIAL INSTITUTIONS. SEE "TAX MATTERS – Qualified Tax-Exempt Obligations."

NEW ISSUE—BOOK-ENTRY ONLY **RATING: BAM Insured "AA" (stable outlook) S&P**
CUSIP No. 61375N **See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein**

$2,025,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224

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

UNLIMITED TAX ROAD BONDS
SERIES 2026

Dated: December 1, 2026 **Due: April 1 (as shown below)**

Interest on the $2,025,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") will accrue from December 1, 2026, and will be payable on April 1 and October 1 of each year, commencing April 1, 2027. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar."

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").



MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield (a)	Principal Amount	Maturity	Interest Rate	Yield (a)
$35,000	2029	8.250%	3.750%	***	***	***	***
$40,000	2030	8.250%	3.800%	$135,000	2051(b)	5.250%	5.340%
$40,000	2031	8.250%	3.850%	$140,000	2052(b)	5.250%	5.350%
$45,000	2032	8.250%	3.900%	$150,000	2053(b)	5.250%	5.360%
$45,000	2033(b)	8.250%	3.950%				

$100,000 8.250% Term Bonds Due April 1, 2035 to Yield 4.050% (a) (b) (c)
$115,000 7.625% Term Bonds Due April 1, 2037 to Yield 4.150% (a) (b) (c)
$125,000 5.250% Term Bonds Due April 1, 2039 to Yield 4.850% (a) (b) (c)
$145,000 5.250% Term Bonds Due April 1, 2041 to Yield 5.000% (a) (b) (c)
$165,000 5.250% Term Bonds Due April 1, 2043 to Yield 5.150% (a) (b) (c)
$185,000 5.250% Term Bonds Due April 1, 2045 to Yield 5.200% (a) (b) (c)
$205,000 5.250% Term Bonds Due April 1, 2047 to Yield 5.250% (a) (b) (c)
$355,000 5.250% Term Bonds Due April 1, 2050 to Yield 5.330% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed. Accrued interest from December 1, 2026 is to be added to the price.

(b) The Bonds maturing on or after April 1, 2033, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2032, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain road improvements serving the District and associated land acquisition, engineering, and testing costs; (2) fund developer interest related to the advancement of funds for certain construction costs; (3) fund administrative costs and costs of issuance; and (4) fund eighteen (18) months of capitalized interest on the Bonds. See "USE OF BOND PROCEEDS."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Montgomery, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Montgomery County, or the City of Montgomery is pledged to the payment of the principal of, or interest on, the Bonds. **The Bonds are subject to certain risk factors described under the caption "RISK FACTORS."**

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by McCall, Parkhurst & Horton LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about December 17, 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 connection with 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 registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change 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.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056, upon payment of duplication costs.

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 (hereinafter defined). See "OFFICIAL STATEMENT – Updating of Official Statement."

This Official Statement contains "Forward-Looking" statements. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

References to website 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 websites and the information or links contained therein are not incorporated into, and are not part of this Official Statement for any purpose.

Build America Mutual Assurance Company ("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 "BOND INSURANCE" and "APPENDIX C – Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.004709% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 5.645294%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial number of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, 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 after their initial sale by the District. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

THE PRICES AND OTHER TERMS RESPECTING 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 THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over the 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 bids and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. 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.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the SEC regarding the District's continuing disclosure obligations because the District does not have more than $10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the order adopted by the Board of Directors of the District authorizing the issuance of the Bonds (the "Bond Order"), the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the Bond Order, the District is obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The information to be updated with respect to the District includes the quantitative financial information and operating data of the District of the general type included in "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2027. The District will provide certain updated information and operating data to the MSRB or any successor to its functions as a repository through its EMMA system.

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The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, the District shall provide unaudited financial statements for the applicable fiscal year to each EMMA within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

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 the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provisions 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

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

Limitations and Amendments

The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement although holders and 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 to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, if but only if, the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid but, in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

MUNICIPAL BOND RATING

S&P Global Ratings ("S&P") assigned its municipal bond insured rating of "AA" (stable outlook) to this issue of 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 BAM. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE."

BOND INSURANCE

Bond Insurance Policy

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

The Policy is not covered by any insurance security or guaranty fund established under New York, 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 Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("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 September 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $521.2 million, $308.9 million and $212.3 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 https://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 "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 pre-sale 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 for 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.

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

THE BONDS

Description: The $2,025,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"), are dated and will bear interest from December 1, 2026. The Bonds represent the second series of bonds to be issued by Montgomery County Municipal Utility District No. 224 (the "District"). The Bonds mature on April 1 in the years as shown in the table on the cover page of this Official Statement. The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District, and an election held within the District on November 7, 2023. See "THE BONDS."

Source of Payment: The Bonds are payable from a continuing, direct annual ad valorem tax levied against all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, the City of Montgomery, or any other entity other than the District. See "THE BONDS – Source of and Security for Payment."

Redemption Provisions: The Bonds maturing on or after April 1, 2033, are subject to early redemption, in whole or from time to time in part, on April 1, 2032, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the years 2035, 2037, 2039, 2041, 2043, 2045, 2047, and 2050 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on April 1 in the years 2034, 2036, 2038, 2040, 2042, 2044, 2046, and 2048, respectively. See "THE BONDS – Mandatory Redemption."

Book-Entry-Only System: The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, and interest on, the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Use of Proceeds: Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain road improvements serving the District and associated land acquisition, engineering, and testing costs; (2) fund developer interest related to the advancement of funds for certain construction costs; (3) fund administrative costs and costs of issuance; and (4) fund eighteen (18) months of capitalized interest on the Bonds. See "USE OF BOND PROCEEDS."

Payment Record: The District has previously issued one (1) series of unlimited tax bonds for the purpose of constructing or acquiring a water, sewer, and drainage system to serve the District (the "Utility System"), of which $3,400,000 principal amount was outstanding as of November 1, 2026 (the "Outstanding Bonds"). The Bonds represent the second series of bonds to be issued by the District, and the first series of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System"). See "DISTRICT DEBT."

Risk Factors: The Bonds are subject to certain risk factors as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and "LEGAL MATTERS."

Qualified Tax-Exempt Obligations: The District has designated the Bonds as "qualified tax-exempt obligations" for qualifying financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

Municipal Bond Rating and Insurance: S&P is expected to assign its municipal bond insured rating of "AA" (stable outlook) to this issue of 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 BAM. See "MUNICIPAL BOND RATING," "BOND INSURANCE," and "APPENDIX C – Specimen Municipal Bond Insurance Policy."

Legal Opinion: Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."

Paying Agent/Registrar: BOKF, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar."

THE DISTRICT

Description: The District is a municipal utility district created by an order of the Texas Commission On Environmental Quality (the "TCEQ") dated August 7, 2023. The District was created pursuant to the authority of Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District is empowered to purchase, construct, operate, and maintain roads and parks and recreational facilities. See "THE DISTRICT – Authority."

Location: The District, as it was originally created, included approximately 80 acres. Since the creation of the District, there have been no annexations or exclusions of land. The District is located in western Montgomery County, Texas and is situated entirely within the corporate limits of the City of Montgomery, Texas (the "City"). The District is located approximately 2 miles northeast of the central business district of the City and approximately 30 miles north of the central business district of the City of Houston, Texas. The District is bounded on the northwest by Farm to Market 1097 (FM 1097), on the west by the Terra Vista at Waterstone development, and on the east by the Grand Harbor development. See "THE DISTRICT – Description and Location" and "AERIAL PHOTOGRAPH."

Development of the District: The District is being developed for single-family residential purposes in the subdivision known as Montgomery Bend. Homebuilding in the District has taken place in Montgomery Bend, Sections 1-3. Section 4 is ready for development.

As of September 1, 2026, the District included approximately 118 completed homes (of which approximately 113 homes were owner-occupied), 24 homes under construction, and 100 vacant developed lots. See "THE DISTRICT – Status of Residential Development" and "APPENDIX B – Photographs Taken in the District."

Summary of Land Uses: As of September 1, 2026, the District included approximately 49.7 acres that have been developed and improved for single-family residential purposes, approximately 0 acres under development, approximately 12.8 acres remaining for future development, and approximately 17.4 undevelopable acres, which includes road rights-of-way, detention ponds, drainage easements, District plant sites, open spaces, and a recreation center serving the Montgomery Bend subdivision. See "THE DISTRICT – Land Uses and Status of Land Development."

The Developer: The sole developer of the District is Pulte Homes of Texas, LP, a Texas limited partnership (the "Developer"), whose general partner is Pulte Nevada I LLC, a Delaware limited liability company. Pulte and Pulte Nevada I LLC are wholly-owned subsidiaries of PulteGroup, Inc., a Michigan corporation. The Developer is a wholly owned subsidiary of its publicly traded parent company, PulteGroup, Inc., a Michigan corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "PHM." As a publicly traded company, PulteGroup, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files annual reports, quarterly reports, proxy statements, and periodic statements with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements, and other information filed by PulteGroup, Inc. can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements, and other information regarding registrants that file electronically with the SEC."

While PulteGroup, Inc. may provide internal financing to its subsidiaries, including the Developer, it is not in any way responsible for the payment of taxes to the District or for the payment of interest and principal on the Bonds. Neither the Developer nor PulteGroup, Inc. has made any commitment to pay debt service on the Bonds, and reference to the financial information of PulteGroup, Inc. in this Official Statement should not be so construed. PulteGroup, Inc. is not a developer, is not obligated to the District or the bond holders in any manner and is not guaranteeing payment of any obligations to the District or the bond holders. Any reference to or inclusion of financial information, statements or description of financial arrangements does not imply otherwise. The District has not obtained any representations from PulteGroup, Inc. concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein. See "THE DEVELOPER."

Pulte is also the sole homebuilder in the District. Pulte has completed the development of single-family residential sections in Montgomery Bend, Sections 1-3 and is currently implementing its homebuilding

program in such sections, Section 4 is ready for development. According to Pulte, homes in the District are currently being constructed on 45-foot lots and are currently being marketed in the $240,990 - $375,990 price range. See "THE DISTRICT – Land Uses and Status of Land Development" and "– Status of Residential Development."

The System: The District and the City entered into an Utility Agreement (the "Agreement") on August 7, 2023, which states the City agrees to provide retail water service and retail wastewater service to the District to serve the full development in the District. The City agrees to own, operate, and maintain the facilities and charge user fees at the in-City Rates. Under the agreement, the Developer agrees to finance and construct on behalf of the District the internal water and wastewater facilities and dedicate sites thereunder. Per the Agreement, the City will provide sufficient water and wastewater capacity to serve the ultimate build-out of the District. The District's water supply is currently sufficient to serve 309 equivalent single-family connections ("ESFCs"). The District's wastewater is treated at the City's Town Creek Wastewater Treatment Facility, TPDES Permit No. WQ0011521001. The District's wastewater capacity is currently sufficient to serve 309 ESFCs.

The underground storm drainage collection system serving Montgomery Bend, Sections 1-3 is complete. The District's drainage system utilizes a combination of curb and gutter street system to convey runoff within the District. Stormwater is collected through such curb and gutter system and storm sewers and is routed through a drainage channel which outfalls to Atkins Creek. The detention facilities serve as the primary runoff conveyance system, generally draining east.

According to the Engineer, approximately 0.7 acres of land located in the District's boundaries is located within the 100-year floodplain as determined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Map No. 48339C0200G dated August 18, 2014, for Montgomery County, Texas. See "THE SYSTEM." This acreage lies within a drainage reserve and will remain undeveloped.

The District is financing certain of its costs of construction or acquisition of components of the road system (the "Roads"), which serves the property in the District. The portion of the Roads to be financed from the proceeds of the Bonds are comprised of those roads and related facilities described under "USE OF BOND PROCEEDS." The District expects to finance additional costs of acquisition or construction of the Roads, among other facilities that have been and will be constructed to serve the land within the District, with proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS – Issuance of Additional Debt" and "RISK FACTORS – Future Debt." The Roads serve the public by providing access to the major thoroughfare that serves the Montgomery Bend subdivision.

The Road System: The Roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, wastewater and drainage facilities are located within the right-of-way or easement dedicated to the District. The right-of-way is also shared by streetlights, sidewalks, and franchise utilities, including power, gas, telephone, and cable utilities. The Roads have been designed and constructed in accordance with standards, rules, and regulations of Montgomery County and the City of Montgomery. Upon completion, the Roads are conveyed to City of Montgomery for ownership, operation, and maintenance in accordance with the standard acceptance procedures. See "RISK FACTORS – Financing Road Facilities.

SELECTED FINANCIAL INFORMATION
(Unaudited)

9/1/2026 Estimated Taxable Value	$44,296,297	(a)
2026 Certified Taxable Value	$35,131,540	(b)
Direct Debt:		
The Outstanding Bonds (as of November 1, 2026)	$3,400,000	
The Bonds	$2,025,000	
Total Direct Debt	$5,425,000	
See “DISTRICT DEBT”		
Estimated Overlapping Debt	$4,440,979	(c)
Direct and Estimated Overlapping Debt	$9,865,979	
Percentage of Direct Debt to:		
9/1/2026 Estimated Taxable Value	12.25%	
2026 Certified Taxable Value	15.44%	
See “DISTRICT DEBT”		
Percentage of Direct and Estimated Overlapping Debt to:		
9/1/2026 Estimated Taxable Value	22.27%	
2026 Certified Taxable Value	28.08%	
See “DISTRICT DEBT”		
2026 Tax Rate Per $100 of Assessed Value:		
Debt Service Tax	$0.28	
Maintenance and Operations Tax	$0.82	
Total 2026 Tax Rate	$1.10	(d)
Cash and Temporary Investment Balances as of October 8, 2026:		
General Fund	$67,279	(e)
Debt Service Fund	$118,445	(f)
Road Debt Service Fund (as of the delivery on the Bonds)	$182,543	(g)

(a) Reflects data supplied by the Montgomery Central Appraisal District (“MCAD” or the “Appraisal District”). The Estimated Taxable Value as of September 1, 2026, was prepared by the Appraisal District and provided to the District. Such values are not binding on the Appraisal District and are provided for informational purposes only. Any value as a result of new construction since January 1, 2026 will not be included on the District’s tax roll until the subsequent year’s tax roll is prepared and certified by the Appraisal District. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the January 1, 2026, Certified Taxable Value according to data supplied to the District by the Appraisal District. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

(c) See “DISTRICT DEBT – Estimated Overlapping Debt.”

(d) The District expects to levy its initial road debt service tax rate in 2027.

(e) Unaudited figure per the District’s records. The Developer has entered into an agreement with the District memorializing its obligation to make operating advances to the District as may be required from time to time. See “THE SYSTEM – General Fund Operating History” and “RISK FACTORS – Operating Funds.”

(f) Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. The cash and investment balances in the Debt Service Fund are available to make debt service payments on the outstanding utility bonds.

(g) Represents eighteen (18) months of capitalized interest to be added to the Road Debt Service Fund at closing. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Road Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are available to make debt service payments on the Bonds. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue" and “THE BONDS – Funds.” See “USE OF BOND PROCEEDS.”

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements on the Outstanding Bonds and the debt service requirements for the Bonds. The table does not reflect that eighteen (18) months of interest will be capitalized from proceeds of the Bonds.

Year	Outstanding Debt Service	Debt Service Requirements on the Bonds		Total Debt Service Requirements
		Principal	Interest	
2027	$158,750	$-	$98,495	$257,245
2028	$226,650	$-	$118,194	$344,844
2029	$228,050	$35,000	$116,750	$379,800
2030	$225,050	$40,000	$113,656	$378,706
2031	$226,950	$40,000	$110,356	$377,306
2032	$228,650	$45,000	$106,850	$380,500
2033	$230,150	$45,000	$103,138	$378,288
2034	$231,331	$50,000	$99,219	$380,550
2035	$232,188	$50,000	$95,094	$377,281
2036	$232,831	$55,000	$90,934	$378,766
2037	$233,263	$60,000	$86,550	$379,813
2038	$233,338	$60,000	$82,688	$376,025
2039	$233,050	$65,000	$79,406	$377,456
2040	$237,425	$70,000	$75,863	$383,288
2041	$236,294	$75,000	$72,056	$383,350
2042	$234,763	$80,000	$67,988	$382,750
2043	$237,875	$85,000	$63,656	$386,531
2044	$235,631	$90,000	$59,063	$384,694
2045	$238,031	$95,000	$54,206	$387,238
2046	$235,075	$100,000	$49,088	$384,163
2047	$236,650	$105,000	$43,706	$385,356
2048	$237,631	$110,000	$38,063	$385,694
2049	$238,125	$120,000	$32,025	$390,150
2050	$238,000	$125,000	$25,594	$388,594
2051	$237,250	$135,000	$18,769	$391,019
2052	$240,875	$140,000	$11,550	$392,425
2053	$-	$150,000	$3,938	$153,938
TOTALS	**$6,003,875**	**$2,025,000**	**$1,916,892**	**$9,945,767**

Maximum Annual Debt Service Requirements (2052) ..... $392,425 (a)

Requires a $0.94 debt service tax rate on the September 1, 2026 Estimated Taxable Value at 95% collections ..... $395,566 (a)

Requires a $1.18 debt service tax rate on the 2026 Certified Taxable Value at 95% collections ..... $393,825 (a)

(a) See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

OFFICIAL STATEMENT

relating to

$2,025,000

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
(A political subdivision of the State of Texas located within Montgomery County, Texas)

UNLIMITED TAX ROAD BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $2,025,000 Montgomery County Municipal Utility District No. 224 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") to be adopted by the Board of Directors of Montgomery County Municipal Utility District No. 224 (the "District"), and an election held within the District on November 7, 2023.

This Official Statement includes descriptions of the Bonds, the Bond Order, certain information about the District and its financial condition, and Pulte Homes of Texas, LP (the "Developer") in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Bond Counsel upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, the City of Montgomery, or any other entity other than the District. The Bonds are payable from a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to generate property taxes to pay debt service at current levels.

Dependence on Principal Taxpayers and the Developer

There is a high concentration of ownership of taxable value in the District. The District is in early stages of development. According to the District's 2026 certified tax rolls as provided by the Appraisal District, the top 10 taxpayers represent $11,273,903 of the taxable assessed valuation, or approximately 32.04% of the District's 2026 Certified Taxable Value of $35,131,540. The District's principal taxpayers include the Developer, which represents $7,643,838 of taxable assessed valuation, or approximately 21.75% of the District's 2026 Certified Taxable Value.

The ability of the principal taxpayers 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, the principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to use other funds available for debt service purposes to the extent available. Further, if any of the principal taxpayers cease operations within the District, a substantial decrease in the District's value may result; the District has no understanding with any of the principal taxpayers regarding their future level of operations in the District. The District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Road Debt Service Fund or Debt Service Fund. Therefore, failure by the principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Outstanding Bonds and the Bonds on a current basis. See "THE DEVELOPER" and "DISTRICT TAX DATA – Principal Taxpayers."

The Developer has informed the District that its current plan is to continue developing its property in the District. 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 and other landowners 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, its affiliates or any other landowners. See "THE DEVELOPER" and "THE DISTRICT—Land Uses and Status of Land Development."

Developer Under No Obligation to the District

The Developer has informed the District of its current plans to continue to develop land in the District for residential purposes. However, neither the Developer nor any other landowner within the District have any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District. Currently, there is no restriction on any landowner's right (including the Developer's) to sell its land. Failure to construct taxable improvements on developed lots (currently existing lots or lots anticipated to be created by the Developer) and failure of the Developer to develop their land would restrict the rate of growth of taxable value in the District as it has in the past. The District is also dependent upon certain principal taxpayers, including the Developer, for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – Principal Taxpayers."

Undeveloped Acreage and Vacant Lots

To date, there are approximately 12.8 undeveloped but developable acres within the District that have not been provided with water, wastewater, drainage, road, and other facilities necessary for the construction of taxable improvements. In addition, there are 100 vacant developed lots. Future increases in value will result primarily from the construction of lots and homes. The District makes no representation as to when or if development of the undeveloped but developable acreage will occur or that the lot sales and building program will be successful. See "THE DISTRICT – Land Uses and Status of Land Development."

Dependence on Future Development and Potential Impact on District Tax Rates

The District levied a total 2026 tax rate of $1.10 per $100 of assessed valuation. An increase in the District's tax rate substantially above such a level could have an adverse impact on future development in the District and on the District's ability to collect such tax.

Assuming no further residential building development within the District other than that which has been constructed, the value of such land and improvements currently located and under construction within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be $392,425 (2052). The District's September 1, 2026, Estimated Taxable Value is $44,296,297. Assuming no increase or decrease from the September 1, 2026, Estimated Taxable Value and no use of other District funds, a debt service tax rate of $0.94 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The District's 2026 Certified Taxable Value is $35,131,540. Assuming no increase or decrease from the 2026 Certified Taxable Value and no use of other District funds, a debt service tax of $1.18 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Tax Collections

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, 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 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 (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES – District's Rights in the Event of Tax Delinquencies."

Economic Factors and Interest Rates

A substantial percentage of the taxable value in the District results from the current market value of single-family residences, land and developed lots. The Houston area economy is particularly tied to the energy industry, and fluctuations in oil and natural gas prices could adversely affect the demand for housing and the assessed values of properties located in the District.

The continued growth of taxable values in the District is directly related to the housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by the Developer or other homebuilders for lots within the District.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates at which developers and builders are able to obtain financing for land development or homebuilding costs. Interest rate levels may affect the Developer's ability to complete development or building plans. Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space. These factors, if they recur, could affect the demand for new residential home construction and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon homebuilding plans altogether.

The housing industry in the Houston area is competitive and the District can give no assurance that current homebuilding programs will be completed. The competitive position of the Developer and that of other prospective builders in the construction of single-family residential houses, is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Alternative sites are available for the construction of single-family residential improvements within the market area in which the District is located. Such sites could pose competition to the continued home-building development on comparable sites within the District.

Future Debt

At an election held on November 7, 2023, the District's voters authorized the issuance of unlimited tax bonds for various purposes as reflected in the table below:

Amount	Purpose
$140,400,000	For certain water, wastewater, and drainage facilities
$59,700,000	For certain road facilities
$25,000,000	For certain parks and recreational facilities

After the issuance of the Bonds, the District will have the following amounts that remain authorized but unissued: (i) $137,000,000 of unlimited tax bonds for water, wastewater, and drainage facilities; (ii) $57,675,000 of unlimited tax bonds for road facilities; and (iii) $25,000,000 of unlimited tax bonds for parks and recreational facilities.

At an election held on November 7, 2023, the District's voters also authorized the issuance of unlimited tax refunding bonds for various purposes as reflected in the table below:

Amount	Purpose
$210,600,000	For the refunding of certain water, wastewater, and drainage facilities
$89,550,000	For the refunding of certain road facilities
$37,500,000	For the refunding of certain parks and recreational facilities

The District has the right to issue additional bonds as may hereafter be approved by both the Board and the voters of the District. Such additional bonds would be issued on a parity with the Bonds. Any future new money bonds (except for new money road bonds) to be issued by the District must also be approved by the TCEQ. Issuance of additional bonds could dilute the investment security for the Bonds.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) amendment of the existing City of Montgomery ordinance specifying the purposes for which the District may issue bonds; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering authorizing preparation of a fire plan or calling a fire bond election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent 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 may not exceed an amount equal to three percent of the value of the taxable property in the District. The District has prepared a park plan and conducted a bond election on November 7, 2023, that authorized $25,000,000 of park and recreational facilities bonds, all of which remain authorized but unissued.

Current law may be changed in a manner to increase the amount of bonds that may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

Financing Road Facilities

The District is authorized to develop road facilities, including the issuing of bonds payable from taxes for such purpose. Before the District can issue road bonds payable from taxes, approval of the bonds by the Attorney General of Texas is required. When the District does issue road bonds, the outstanding principal amount of such bonds may not exceed an amount equal to twenty-five percent of the assessed value of real property in the District. The District conducted a bond election that authorized $59,700,000 of road bonds at an election held on November 7, 2023, of which $57,675,000 will remain authorized but unissued following the issuance of the Bonds.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter (defined herein) 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 spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

Competition

The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District, including within western Montgomery County, Texas. Many of the other developments are generally accessible by the same commuter routes and served by the same employment centers and school districts causing the developments to compete with one another for the same pool of buyers at similar price points and amenity levels.

The competitive position of the Developer in the sale of land or the sale of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Potential Effects of Oil Price Fluctuation on the Houston Area

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

Operating Funds

The District's primary source of revenue to pay operating expenses are maintenance tax proceeds and Developer advances. The District has levied a 2026 maintenance tax rate in the amount of $0.82 per $100 assessed valuation. The revenue produced from the maintenance tax must be sufficient to offset the operating expenses of the District. The District's 2026 operations and maintenance tax levy amount will be approximately $279,879, which will be deposited into the District's General Fund. As of October 8, 2026, the District's General Fund had an unaudited cash and investment balance of $67,279. For the fiscal year ending May 31, 2027, the District is currently budgeting expenditures of $258,260. Maintenance of a positive General Fund balance will depend upon: (i) continued development and increased amounts of maintenance tax revenue; and (ii) operating advances from the Developer from time to time, which may be reimbursed from proceeds of future bonds. Upon request from the District from time to time, the Developer has made operating advances to the District's General Fund, and such advances have been made on time and in full. If its General Fund balance is depleted, then the District will be required to levy a maintenance tax at a rate sufficient to fund its operating expenses as previously described. Such a tax, may result in a total District tax which could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. The District expects that it will be able to maintain a total tax rate of $1.10 per $100 of assessed valuation subsequent to the sale of the Bonds. The Developer has entered into an agreement with the District memorializing its obligation to make operating advances to the District as may be required from time to time. See "THE SYSTEM – General Fund Operating History" and "DISTRICT TAX DATA – Tax Rate and Collections."

Continuing Compliance with Certain Covenants

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under 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.

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.

The 90th Texas Legislature

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

Severe Weather

The District is located approximately 60 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to 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 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 would be adversely affected.

The greater Houston area has experienced multiple storms exceeding a 0.2% probability of occurrence (i.e., "500-year flood" events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

Specific Flood Type Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flooding – Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system,

which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

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

National Weather Service Atlas 14 Study

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

Increase in Costs of Building Materials

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing developers, homebuilders, and general contractors to experience budget overruns. Further, the federal administration's impositions and threatened impositions of tariffs and the imposition or threatened impositions of retaliatory tariffs against the United States will impact the ability of developers, homebuilders, general contractors, and district consultants to estimate costs, which could have a direct effect on the District's ability to finance water, sanitary, and detention facilities. Furthermore, the federal administration's immigration policies may impact the Texas' workforce.

Cybersecurity

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

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

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

Notwithstanding noncompliance by a district with Texas law requirements, a 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 Owners could potentially and adversely impair the value of the Registered Owners' 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 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 the District.

A district cannot be placed into bankruptcy involuntarily.

Approval of the Bonds

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

Bond Insurance Risk Factors

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

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

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

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

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

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

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain road improvements serving the District and associated land acquisition, engineering, and testing costs; (2) fund developer interest related to the advancement of funds for certain construction costs; (3) fund administrative costs and costs of issuance; and (4) fund eighteen (18) months of capitalized interest on the Bonds.

Elevations Land Solutions (the "Engineer") has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS	**Total Amount**	
District Items		
Montgomery Bend Section 1 Paving	$952,826	
Engineering - Montgomery Bend Section 1 Paving	$148,667	
Land Acquisition Costs	$310,314	
Total Developer Contribution Items	$1,411,807	
TOTAL CONSTRUCTION COSTS	**$1,411,807**	
NON-CONSTRUCTION COSTS		
Legal Fees	$60,750	
Fiscal Agent Fees	$40,500	
Interest Costs:		
Capitalized Interest (18 months)	$177,290	(a)
Developer Interest	$204,346	
Bond Discount	$60,654	(a)
Bond Issuance Expenses	$42,572	
Engineering Fee	$20,000	
Attorney General Fee	$2,025	
Contingency	$5,056	(a)
TOTAL NON-CONSTRUCTION COSTS	**$613,193**	
TOTAL BOND ISSUE REQUIREMENT	**$2,025,000**	

(a) Represents the difference between the estimated and actual amounts of capitalized interest and Bond Discount. Such funds will be used by the District for eligible road-related costs only after approval by the Board of Directors.

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the TCEQ dated August 7, 2023. The District was created pursuant to the authority of Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District is empowered to purchase, construct, operate, and maintain roads and parks and recreational facilities.

The District is authorized to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to provide such facilities and services to the customers of the District. See "RISK FACTORS – Financing Road Facilities," "– Financing Parks and Recreational Facilities," and "THE BONDS – Issuance of Additional Debt."

The District is situated entirely within the corporate limits of the City. In order to obtain the consent of the City to the District's creation, the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities, road facilities, and park and recreational facilities and limit the net effective interest rate on such bonds and other terms of such bonds.

Description and Location

The District, as it was originally created, included approximately 80 acres. Since the creation of the District, there have been no annexations or exclusions of land. The District is located in western Montgomery County, Texas and is situated entirely within the corporate limits of the City of Montgomery, Texas (the "City"). The District is located approximately 2 miles northeast of the central business district of the City and approximately 30 miles north of the central business district of the City of Houston, Texas. The District is bounded on the northwest by Farm to Market 1097 (FM 1097), on the west by the Terra Vista at Waterstone development, and on the east by the Grand Harbor development. See "AERIAL PHOTOGRAPH."

Land Uses and Status of Land Development

A summary of the approximate land use in the District as of September 1, 2026, appears in the following table:

Type of Land Use	Approximate Acres
Developed and Improved Acres (a)	49.7
Acres Under Development (b)	0.0
Remaining Developable Acreage (c)	12.8
Undevelopable Acreage (d)	17.4
Total Approximate Acres	**80**

(a) Represents land that is served with utilities and has single-family residential improvements constructed on site, including Montgomery Bend, Sections 1-3. See "– Status of Residential Development" herein.

(b) Represents the land located in Montgomery Bend, which is currently under construction. Currently, there are no sections of Montgomery Bend under construction.

(c) Represents land available for future development. The District makes no representation that the development of such acreage will ever be undertaken or that taxable improvements will ever be constructed thereon. See "THE DEVELOPER – Future Development."

(d) Includes road rights-of-way, detention ponds, drainage easements, District plant sites, open spaces, and a recreation center serving the Montgomery Bend subdivision.

Status of Residential Development

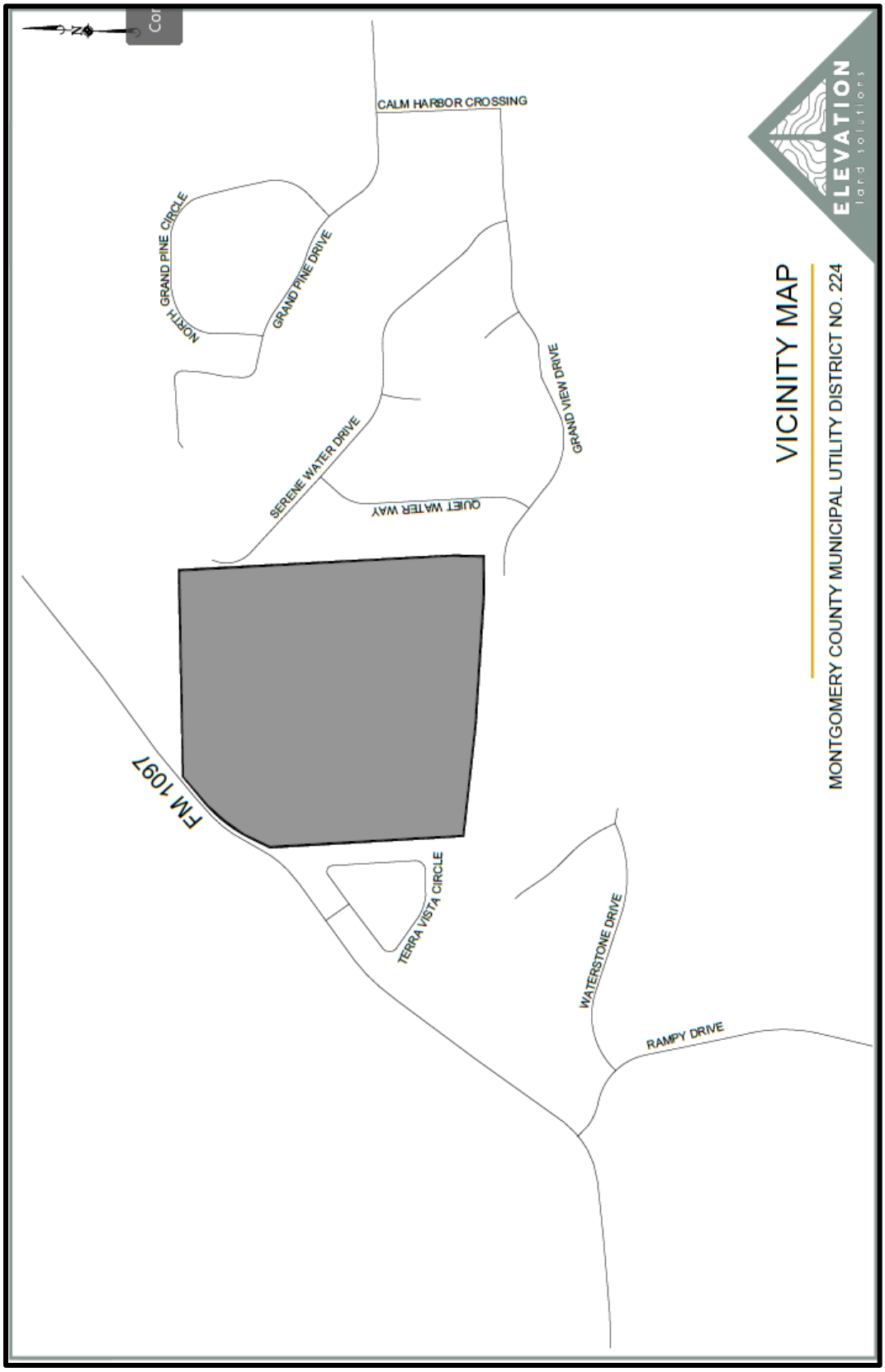
The District is being developed for single-family residential purposes in the subdivision known as Montgomery Bend. The following table indicates the approximate status of single-family residential development as of September 1, 2026. See "APPENDIX B – Photographs Taken in the District" for further illustration of the various products of homes being constructed in the District.

		Homes		
Subdivision/Section	**Total Lots**	**Complete**	**Under Construction**	**Vacant Lots**
Montgomery Bend, Section 1 (a)	69	53	6	10
Montgomery Bend, Section 2 (a)	88	64	14	10
Montgomery Bend, Section 3 (a)	85	1	4	80
TOTALS	**242**	**118** (b)	**24**	**100**

(a) Homes in the Montgomery Bend subdivision are being constructed by the Developer on 45-foot lots and are currently being marketed and sold in the $240,990 - $375,990 price range. Section 4 is ready for development and development will begin once Section 2 is fully built out.

(b) As of September 1, 2026, approximately 113 of the completed homes were owner-occupied.

Vicinity Map



Aerial Photograph



THE DEVELOPER

Role of a Developer

In general, the activities of developers in a municipal utility district such as the District include purchasing the land within a district, designing the streets in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities, and selling improved lots and commercial reserves to builders, other developers, or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater, and drainage facilities in the utility district exclusive of water and sewage treatment plants unless a waiver from this requirement is requested and obtained from the TCEQ by the District, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district.

Description of the Developer

The sole developer of the District is Pulte Homes of Texas, LP, a Texas limited partnership (the "Developer"), whose general partner is Pulte Nevada I LLC, a Delaware limited liability company. The Developer and Pulte Nevada I LLC are wholly-owned subsidiaries of PulteGroup, Inc., a Michigan corporation. The Developer is a wholly owned subsidiary of its publicly traded parent company, PulteGroup, Inc., a Michigan corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "PHM." As a publicly traded company, PulteGroup, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files annual reports, quarterly reports, proxy statements, and periodic statements with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements, and other information filed by PulteGroup, Inc. can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements, and other information regarding registrants that file electronically with the SEC."

While PulteGroup, Inc. may provide internal financing to its subsidiaries, including the Developer, it is not in any way responsible for the payment of taxes to the District or for the payment of interest and principal on the Bonds. Neither the Developer nor PulteGroup, Inc. has made any commitment to pay debt service on the Bonds, and reference to the financial information of PulteGroup, Inc. in this Official Statement should not be so construed. PulteGroup, Inc. is not a developer, is not obligated to the District or the bond holder in any manner and is not guaranteeing payment of any obligations to the District or the bond holders. Any reference to or inclusion of financial information, statements or description of financial arrangements does not imply otherwise. The District has not obtained any representations from PulteGroup, Inc. concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein. See "THE DEVELOPER."

The Developer is not legally obligated to provide funds or other financial support for the development of the District, to provide funds to pay taxes on property within the District, or to pay any other obligations of the District. The Developer is not responsible for, is not liable for, or has not made any commitment for, payment of the Bonds or other obligations of the District, other than its obligation to pay taxes by virtue of its ownership of land within the District, and any reference to or inclusion of financial information, statements or description of financial arrangements does not imply otherwise. The Developer has no legal commitment to the District or to the owners of the Bonds to continue to develop land within the District. The Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time.

The Developer is also the sole homebuilder in the District. The Developer has completed the development of three single-family residential sections in Montgomery Bend and is currently implementing its homebuilding program in such sections. According to Pulte, homes in the District are currently being constructed on 45-foot lots and are currently being marketed in the $240,990 - $375,990 price range. See "THE DISTRICT – Land Uses and Status of Land Development" and "– Status of Residential Development."

Future Development

The Developer owns additional land within the District that is currently undeveloped, which is anticipated to be developed for single-family residential purposes for Section 4 in the Montgomery Bend subdivision. See "THE DISTRICT – Status of Residential Development." As stated elsewhere in this Official Statement, the Developer has no commitment or obligation to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District. Future development and homebuilding depend, in part, upon short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. Neither the District nor the Developer represent that the remaining development of the District will ever be undertaken nor that any taxable improvements will ever be constructed thereon. See "RISK FACTORS – Economic Factors," "– Competition," and "– Landowners/Developer Under No Obligation to the District."

THE SYSTEM

Description of the System and Regulation

According to the Engineer, the water, wastewater, and storm drainage facilities serving the land within the District (the "System") have been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, as applicable among others, the TCEQ, the City, and Montgomery County. According to the Engineer, all such facilities constructed to date have been approved by all required governmental agencies. During construction, such facilities are subject to inspection by the foregoing governmental agencies having jurisdiction.

The City operates the water supply and distribution facilities and wastewater collection and treatment facilities serving the District. The water supply and wastewater treatment facilities are subject to regulation by, among others, the United States Environmental Protection Agency, the TCEQ, and the Texas Department of Health. The regulations promulgated by these agencies are subject to revisions.

The District is financing the acquisition or construction of a portion of the water supply and distribution, wastewater collection and treatment, and storm drainage and detention facilities to serve property in the District with the proceeds of the sale of the Bonds. The District expects to finance additional costs of acquisition or construction of the water supply and distribution, wastewater collection and treatment, and storm drainage and detention facilities, among other facilities that have been and will be constructed to serve the land within the District, with proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "USE OF BOND PROCEEDS," "THE BONDS – Issuance of Additional Debt," and "RISK FACTORS – Future Debt."

Water Supply Facilities

The District and the City entered into an Utility Agreement (the "Agreement") on August 7, 2023, which states the City agrees to provide retail water service to the District to serve the full development of the District. The City agrees to own, operate, and maintain the facilities and charge user fees at the in-City Rates. Under the Agreement, the Developer agrees to finance and construct on behalf of the District the internal water facilities and dedicate sites thereunder. Per the Agreement, the City will provide sufficient water capacity to serve the ultimate build-out of the District. The District's water supply is currently sufficient to serve 309 equivalent single-family connections ("ESFCs").

Wastewater Treatment Facilities

Pursuant to the Agreement, the City agrees to provide retail wastewater service to the District to serve the full development of the District. The City agrees to own, operate and maintain the facilities and charge user fees at in-City Rates. Under the Agreement, the Developer agrees to finance and construct on behalf of the District the internal wastewater facilities and dedicate sites thereunder. Per the Agreement, the City will provide sufficient wastewater capacity to serve the ultimate build-out of the District. The District's wastewater is treated at the City's Town Creek Wastewater Treatment Facility, TPDES Permit No. WQ0011521001. The District's wastewater capacity is currently sufficient to serve 309 ESFCs.

Drainage and Detention Facilities

The underground storm drainage collection system serving Montgomery Bend, Sections 1-3 are complete. The District's drainage system utilizes a combination of curb and gutter street system to convey runoff within the District. Stormwater is collected through such curb and gutter system and storm sewers and is routed through a drainage channel which outfalls to Atkins Creek. The detention facilities serve as the primary runoff conveyance system, generally draining east.

100-Year Flood Plain

According to the Engineer, approximately 0.7 acres of land located in the District's boundaries is located within the 100-year floodplain as determined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Map No. 48339C0200G dated August 18, 2014, for Montgomery County, Texas. See "RISK FACTORS – Severe Weather." This acreage lies within a drainage reserve and will remain undeveloped.

ROAD SYSTEM

The District is financing certain of its costs of construction or acquisition of components of the road system (the "Roads"), which serves the property in the District. The portion of the Roads to be financed from the proceeds of the Bonds are comprised of those roads and related facilities described under "USE OF BOND PROCEEDS." The District expects to finance additional costs of acquisition or construction of the Roads, among other facilities that have been and will be constructed to serve the land within the District, with proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS – Issuance of Additional Debt" and "RISK FACTORS – Future Debt." The Roads serve the public by providing access to the major thoroughfare that serves the Montgomery Bend subdivision.

The Roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, wastewater and drainage facilities are located within the right-of-way or easement dedicated to the District. The right-of-way is also shared by streetlights, sidewalks, and franchise utilities, including power, gas, telephone, and cable utilities. The Roads have been designed and

constructed in accordance with standards, rules, and regulations of Montgomery County and the City of Montgomery. Upon completion, the Roads are conveyed to City of Montgomery for ownership, operation, and maintenance in accordance with the standard acceptance procedures. See "RISK FACTORS – Financing Road Facilities.

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's operations is provided for information purposes only.

REVENUES	**2026** (a)	**2025** (a)
Property taxes	$150,992	$43,378
Interest and Miscellaneous Revenues	$109	$-
TOTAL REVENUES	**$151,101**	**$43,378**
EXPENDITURES		
Current service operations:		
Professional fees	$155,861	$56,391
Contracted services	$8,700	$9,047
Detention Pond Maintenance	$67,491	$-
Other	$12,575	$7,813
Capital Outlay	$304,122	$-
TOTAL EXPENDITURES	**$548,749**	**$73,251**
OTHER FINANCING SOURCES		
Developer advances (b)	$450,000	$82,000
TOTAL OTHER FINANCING SOURCES	**$450,000**	**$82,000**
NET CHANGE IN FUND BALANCE	**$52,352**	**$52,127**
BEGINNING FUND BALANCE	**$18,846**	**($33,281)**
ENDING FUND BALANCE (c)	**$71,198**	**$18,846**

(a) Data is taken from the District's audited financial statements. See "APPENDIX A." The information for the fiscal year ended May 31, 2025 represents the first year of audited financial statements.

(b) The District was funded by operating advances from the Developer for fiscal years 2023 through 2026. As noted elsewhere in this Official Statement, the Developer has entered into an agreement with the District memorializing its obligation to make operating advances to the District as may be required from time to time. See "RISK FACTORS – Operating Funds."

(c) As of September 1, 2026, the District's General Fund had an unaudited cash and investment balance of $67,279. For the fiscal year ending May 31, 2027, the District's General Fund is currently budgeting revenues of $258,260, and expenditures of $258,260.

MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board"), which has control over and management supervision of all affairs of the District. Each of the directors owns a parcel of land within the District that is subject to a note and deed of trust. A directors' election is held within the District in May in even-numbered years. Directors are elected to serve four-year staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below.

Name	Title	Expires May
William Bood	President	2028
Joshua Brooks	Vice President	2028
Jacob Miller	Secretary	2028
Josh Adair	Assistant Secretary	2030
Jacob Abraham	Assistant Secretary	2030

The District does not employ a general manager or any other full-time employees. The District has contracted for bookkeeping, tax assessing and collecting, auditing, engineering, financial advising, and legal services as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Utility Tax Service, LLC, who is employed under an annual contract to perform the District's tax collection functions.

Bookkeeper – The District has contracted with L&S District Services, LLC. for bookkeeping services.

Auditor – The financial statements of the District as of May 31, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2026, audited financial statements.

Engineer – The consulting engineer for the District is Elevation Land Solutions.

Financial Advisor – The GMS Group, L.L.C., serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of the bonds, if and when such bonds are delivered. See "OFFICIAL STATEMENT – Financial Advisor."

Legal Counsel – Sanford Kuhl Hagan Kugle Parker Kahn LLP serves as Bond Counsel to the District and as general counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Disclosure Counsel – McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT INVESTMENT POLICY

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield in its portfolio. Funds of the District are 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.

DISTRICT DEBT

9/1/2026 Estimated Taxable Value	$44,296,297	(a)
2026 Certified Taxable Value	$35,131,540	(b)
Direct Debt:		
Outstanding Bonds as of November 1, 2026	$3,400,000	
The Bonds	$2,025,000	
Total Direct Debt	$5,425,000	
See “DISTRICT DEBT”		
Estimated Overlapping Debt	$4,440,979	(c)
Direct and Estimated Overlapping Debt	$9,865,979	
Percentage of Direct Debt to:		
9/1/2026 Estimated Taxable Value	12.25%	
2026 Certified Taxable Value	15.44%	
See “DISTRICT DEBT”		
Percentage of Direct and Estimated Overlapping Debt to:		
9/1/2026 Estimated Taxable Value	22.27%	
2026 Certified Taxable Value	28.08%	
See “DISTRICT DEBT”		
2026 Tax Rate Per $100 of Assessed Value:		
Debt Service Tax	$0.28	
Maintenance and Operations Tax	$0.82	
Total 2026 Tax Rate	$1.10	(d)
Cash and Temporary Investment Balances as of October 8, 2026:		
General Fund	$67,279	(e)
Debt Service Fund	$118,445	(f)
Road Debt Service Fund (as of the delivery on the Bonds)	$182,543	(g)

(a) Reflects data supplied by the Montgomery Central Appraisal District (“MCAD” or the “Appraisal District”). The Estimated Taxable Value as of September 1, 2026, was prepared by the Appraisal District and provided to the District. Such values are not binding on the Appraisal District and are provided for informational purposes only. Any value as a result of new construction since January 1, 2026 will not be included on the District’s tax roll until the subsequent year’s tax roll is prepared and certified by the Appraisal District. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the January 1, 2026, Certified Taxable Value according to data supplied to the District by the Appraisal District. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

(c) See “DISTRICT DEBT – Estimated Overlapping Debt.”

(d) The District expects to levy its initial road debt service tax rate in 2027.

(e) Unaudited figure per the District’s records. The Developer has entered into an agreement with the District memorializing its obligation to make operating advances to the District as may be required from time to time. See “THE SYSTEM – General Fund Operating History” and “RISK FACTORS – Operating Funds.”

(f) Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. The cash and investment balances in the Debt Service Fund are available to make debt service payments on the outstanding utility bonds.

(g) Represents eighteen (18) months of capitalized interest to be added to the Road Debt Service Fund at closing. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Road Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are available to make debt service payments on the Bonds. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue" and “THE BONDS – Funds.” See “USE OF BOND PROCEEDS.”

Estimated Overlapping Debt

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas and from information obtained directly from certain jurisdictions. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds, the amount of which has not been reported. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance, and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

		Overlapping Debt	
Taxing Jurisdiction	**Outstanding Debt**	**Overlapping %**	**Amount**
Montgomery County	$535,450,000	0.04%	$192,227
Montgomery Independent School District	$564,635,000	0.41%	$2,324,200
City of Montgomery	$34,960,000	5.50%	$1,924,502
Total Estimated Overlapping Debt			**$4,440,979**
The District (a)			$5,425,000
Total Direct and Estimated Overlapping Debt			**$9,865,979**

(a) Represents the Bonds and Outstanding Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax information collection experience of the District for the years 2024 through 2026. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

Year	Taxable Valuation		Tax Rate (a)	Tax Levy	Cumulative Tax Collections (b)	Year Ended September 30
2026	$35,131,540	(c)	$1.10	$386,447	(d)	2027
2025	$14,706,174		$1.10	$161,768	94.52%	2026
2024	$3,943,422		$1.10	$43,378	100.00%	2025

(a) The District intends to levy its initial road debt service tax in 2027. See “Tax Rate Distribution” herein.

(b) Represents cumulative collections as of September 30, 2026.

(c) Reflects the January 1, 2026, Certified Taxable Value according to data supplied to the District by the Appraisal District.

(d) In the process of collections.

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. The District's voters authorized a maintenance tax of up to $1.50 per $100 of assessed valuation at an election held on November 7, 2023. The District has never levied a road maintenance tax and the District currently has no plans to levy such tax at this time. See “Tax Rate Distribution” herein.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2024 through 2026.

	2026	2025	2024
Debt Service	$0.28	$0.00	$0.00
Maintenance/Operations	$0.82	$1.10	$1.10
Total	**$1.10**	**$1.10**	**$1.10**

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District has 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, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Principal Taxpayers

The list of the top ten principal taxpayers for 2026 and the other information provided by this table were provided by the Appraisal District to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of the Appraisal District.

Property Owner	Property Description	Property Value	% of Total
Pulte Homes of Texas LP (a)	Land and Improvement	$7,643,838	21.75%
Homeowner	Land and Improvement	$581,852	1.65%
Homeowner	Land and Improvement	$398,966	1.13%
Homeowner	Land and Improvement	$398,243	1.13%
Homeowner	Land and Improvement	$398,243	1.13%
Homeowner	Land and Improvement	$387,288	1.10%
Homeowner	Land and Improvement	$374,173	1.06%
Homeowner	Land and Improvement	$369,266	1.05%
Homeowner	Land and Improvement	$361,315	1.02%
Homeowner	Land and Improvement	$360,719	1.02%
	TOTALS	**$11,273,903**	**32.04%**

(a) See “THE DEVELOPER” and “RISK FACTORS – Dependence on Principal Taxpayers.”

Analysis of Tax Base

Based on information provided to the District by the Appraisal District and its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the deferments for 2023 through 2026, and includes the September 1, 2026 Estimated Taxable Value.

Year	Land	Improvement		Personal Property	Gross Valuations	Exemptions	Taxable Valuations	
9/1/2026							$44,296,297	(a)
2026	$13,989,259	$21,595,782		$645,333	$36,230,374	($1,098,834)	$35,131,540	(b)
2025	$8,792,487	$5,966,364	(c)	$22,990	$14,781,841	($204,356)	$14,577,486	
2024	$3,943,422	$-		$-	$3,943,422	($0)	$3,943,422	
2023	$958,800	$-		$-	$958,800	($0)	$958,800	

(a) The Estimated Taxable Value as of September 1, 2026, was prepared by the Appraisal District and provided to the District. Such values are not binding on the Appraisal District and are provided for informational purposes only. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES.”

(b) Reflects the January 1, 2026, Certified Taxable Value according to data supplied to the District by the Appraisal District.

(c) Homebuilding in the District commenced subsequent to January 1, 2025. See “THE DISTRICT – Status of Residential Development.”

Estimated Overlapping Taxes

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Jurisdictions	2025 Tax Rate
Montgomery County	$0.386000
Montgomery County Hospital District	$0.045800
Montgomery Independent School District	$1.047900
Montgomery County Emergency Services District No. 2	$0.100000
City of Montgomery	$0.400000
Overlapping Taxes	**$1.979700**
The District	$1.100000
Total Direct & Overlapping Taxes	**$3.079700**

Tax Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, no transfers of surplus funds from the District's General Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the September 1, 2026 Estimated Taxable Value and the 2026 Certified Taxable Value. The calculations utilize a tax rate adequate to service the District's total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2052) $392,425

Requires a $0.94 debt service tax rate on the September 1, 2026 Estimated Taxable Value at 95% collections $395,566

Requires a $1.18 debt service tax rate on the 2026 Certified Taxable Value at 95% collections $393,825

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 and interest on the Bonds, Outstanding Bonds and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Order to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS – Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District for the payment of certain contractual obligations if authorized by the voters in the District. See "DISTRICT TAX DATA – Maintenance Tax."

Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the "Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Tax Code are complex and are not fully summarized here. The Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Appraisal District has the responsibility for appraising property for all taxing units within their respective county. Such appraisal values are subject to review and change by the Montgomery Central Appraisal Review Board (the "Appraisal Review Board"). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

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, 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; and most individually owned automobiles and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District has never adopted an order granting a tax exemption for person 65 years or older or disabled persons. The District would be required to call such an election upon petition by 20% of the

number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 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 tax assessor and collector 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. The District has never adopted an order granting a general residential homestead exemption.

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, 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 that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer 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 that 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 not 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, either the City, Montgomery County, or the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt property from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by MCAD 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 Tax Code are to be based on 100% of market value, as such is defined in the Tax Code. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use of the property.

The Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Tax Code permits, under certain

circumstances, that residential real property inventory held by a person in the trade or business are valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief appraiser is required by the 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 for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland. The Developer in the District has waived its right to agricultural use, open space, or timber land exemptions.

The Tax Code requires MCAD to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in MCAD at least once every three years. It is not known what frequency of reappraisal will be utilized by MCAD 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 MCAD 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 MCAD chooses to formally include such values on its appraisal roll.

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

The Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The 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 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty 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 1% for each month or portion of a month it remains unpaid. The 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, 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) 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.

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

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 other such taxing units (see "DISTRICT TAX DATA – Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien whether or not the debt or lien existed before the attachment of the tax lien; 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. 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 and land designated for agricultural use and six months for all other 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 (a taxpayer may redeem property within six months for commercial property, within two years for residence homesteads and land designated for agricultural use, and six months for all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records), or by bankruptcy proceedings that restrict the collection of taxpayer debts. See "RISK FACTORS – Tax Collections."

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.

THE BONDS

General

The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of, and interest on, the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Order. Capitalized terms in such summary are used as defined in the Bond Order. Such summary is not a complete description of the entire Bond Order and is qualified in its entirety by reference to the Bond Order, a copy of which is available from the District's Bond Counsel upon request.

The Bonds are dated and will bear interest from December 1, 2026, at the per annum rates shown on the cover page hereof. The Bonds are fully registered, serial bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds is payable April 1, 2027, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of the principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds, will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

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

Funds

In the Bond Order, the Road Debt Service Fund is created and the proceeds from all taxes levied, appraised, and collected for and on account of the Bonds authorized by the Bond Order, shall be deposited as collected in such fund. Accrued interest on the Bonds and eighteen (18) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Order or ultimately transferred to the Road Debt Service Fund. See “USE OF BOND PROCEEDS” for a more complete description of the use of the Bond proceeds.

The District also maintains a Utility Debt Service Fund that is not pledged to the Bonds. Funds in the Utility Debt Service Fund are available only for principal and interest payments on debt attributable to the System, and such funds are not available to pay principal and interest on the Bonds.

The District also maintains a Road Debt Service Fund. Funds in the Road Debt Service Fund are available only for principal and interest payments on debt attributable to the Road System, and such funds are not available to pay principal and interest on the Outstanding Utility Bonds.

Optional Redemption

The Bonds maturing on and after April 1, 2033, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2032, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Mandatory Redemption

The Bonds maturing on April 1 in the years 2035, 2037, 2039, 2041, 2043, 2045, 2047, and 2050 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown in the tables below.

$100,000 Term Bonds, due April 1, 2035

Mandatory Redemption Date	Principal Amount
April 1, 2034	$50,000
April 1, 2035 (maturity)	$50,000

$115,000 Term Bonds, due April 1, 2037

Mandatory Redemption Date	Principal Amount
April 1, 2036	$55,000
April 1, 2037 (maturity)	$60,000

$125,000 Term Bonds, due April 1, 2039

Mandatory Redemption Date	Principal Amount
April 1, 2038	$60,000
April 1, 2039 (maturity)	$65,000

$145,000 Term Bonds, due April 1, 2041

Mandatory Redemption Date	Principal Amount
April 1, 2040	$70,000
April 1, 2041 (maturity)	$75,000

$165,000 Term Bonds, due April 1, 2043

Mandatory Redemption Date	Principal Amount
April 1, 2042	$80,000
April 1, 2043 (maturity)	$85,000

$185,000 Term Bonds, due April 1, 2045

Mandatory Redemption Date	Principal Amount
April 1, 2044	$90,000
April 1, 2045 (maturity)	$95,000

$205,000 Term Bonds, due April 1, 2047

Mandatory Redemption Date	Principal Amount
April 1, 2046	$100,000
April 1, 2047 (maturity)	$105,000

$355,000 Term Bonds, due April 1, 2050

Mandatory Redemption Date	Principal Amount
April 1, 2048	$110,000
April 1, 2049	$120,000
April 1, 2050 (maturity)	$125,000

Notice of Redemption; Partial Redemption

While the Bonds are in book-entry-only form, pursuant to the Bond Order, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of each exercise of the right of redemption will be given at least 30 calendar days prior to the date fixed for redemption by the mailing of a notice by the Paying Agent/Registrar to each of the registered owners of the Bonds to be redeemed at the address shown on the records of the Paying Agent/Registrar on the date which is 45 calendar days prior to the redemption date. When Bonds have been called for redemption, the right of the registered owners of such Bonds to collect interest which would otherwise accrue after the date for redemption will be terminated.

The Bonds of a denomination larger than $5,000 in principal amount may be redeemed in part ($5,000 in principal or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal.

Source of and Security for Payment

The Bonds are secured by, and payable from, the levy of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees, and Appraisal District fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Montgomery County, the City of Montgomery, or any entity other than the District.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current tax 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 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 or a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and that 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 that would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

No Arbitrage

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

Paying Agent/Registrar

Pursuant to the Bond Order, the initial paying agent and initial registrar with respect to the Bonds is BOKF, N.A., Dallas, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, any outstanding bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Order to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Bond Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Dallas, Texas. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the period beginning at the opening of business on a Record Date (defined herein) and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within 30 calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Lost, Stolen, or Destroyed Bonds

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

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 authorities, 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 authorities, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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 concerning other laws, rules, regulations, or investment criteria 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.

Issuance of Additional Debt

At an election held on November 7, 2023, the District's voters authorized the issuance of unlimited tax bonds for various purposes as reflected in the table below:

Amount	Purpose
$140,400,000	For certain water, wastewater, and drainage facilities
$59,700,000	For certain road facilities
$25,000,000	For certain parks and recreational facilities

After the issuance of the Bonds, the District will have the following amounts that remain authorized but unissued: (i) $137,000,000 of unlimited tax bonds for water, wastewater, and drainage facilities; (ii) $57,675,000 of unlimited tax bonds for road facilities; and (iii) $25,000,000 of unlimited tax bonds for parks and recreational facilities.

At an election held on November 7, 2023, the District's voters also authorized the issuance of unlimited tax refunding bonds for various purposes as reflected in the table below:

Amount	Purpose
$210,600,000	For the refunding of certain water, wastewater, and drainage facilities
$89,550,000	For the refunding of certain road facilities
$37,500,000	For the refunding of certain parks and recreational facilities

The District has the right to issue additional bonds as may hereafter be approved by both the Board and the voters of the District. Such additional bonds would be issued on a parity with the Bonds. Any future new money bonds (except for new money road

bonds) to be issued by the District must also be approved by the TCEQ. Issuance of additional bonds could dilute the investment security for the Bonds.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) amendment of the existing City of Montgomery ordinance specifying the purposes for which the District may issue bonds; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering authorizing preparation of a fire plan or calling a fire bond election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities. 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", together with the Direct Participants, the "Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser ("Beneficial Owner") of the Bonds 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 securities representing their ownership interests in Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

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

The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults,

and proposed amendments to the Certificate documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable; the District, the District's Financial Advisor, and the Underwriter do not take any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds. Such transcript will include the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of the Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without limit as to rate or amount, upon all taxable property in the District. The District will also furnish the approving legal opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion of Bond Counsel will further address the matters described above under "TAX MATTERS." Such opinion will express no opinion with respect to the sufficiency of, security for, or marketability of the Bonds.

Legal Review

In its capacity as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "THE BONDS," "TAX MATTERS," and "LEGAL MATTERS – Legal Opinions" (to the extent such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the legal matters and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of any of the other information contained herein. 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, other than the matters discussed immediately above.

Sanford Kuhl Hagan Kugle Parker Kahn 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 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-Litigation Certificate

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that there is not pending, and to the knowledge of the District, 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.

No Material Adverse Change

The obligation 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.

TAX MATTERS

The delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "Service") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the Service. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the Service. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving

judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of Service positions with which the District legitimately disagrees, may not be practicable. Any action of the Service, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Proposed Tax Legislation

Proposed, and if enacted, tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes an "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Qualified Tax-Exempt Obligations

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code and represents that (i) 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 (ii) 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.

Pursuant to Section 265 of the Code, qualifying financial institutions may be permitted to deduct that portion of interest expense the financial institution is able to allocate to designated bank-qualified investments. Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

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

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified 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 qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, 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 provisions.

OFFICIAL STATEMENT

Sources of Information

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, and other sources that are believed to be reliable, but no representation is made as to the accuracy or completeness of the information derived from such other sources. The summaries of the statutes, orders, resolutions, engineering, and other related reports set forth in the 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

The GMS Group, L.L.C. 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, the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, The GMS Group, L.L.C. 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:

Engineer – The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled "THE SYSTEM," “USE OF BOND PROCEEDS,” and certain engineering matters included in "THE DISTRICT – Description and Location," and "THE DISTRICT – Land Uses and Status of Land Development," has been provided by Elevation Land Solutions and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector – The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned "DISTRICT TAX DATA," has been provided by the Appraisal District and by Utility Tax Service, LLC, in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor – The financial statements of the District as of May 31, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2026, audited financial statements.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District’s audit report is required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Blvd, Suite 2650, Houston, Texas 77056.

Certification as to Official Statement

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

Updating of Official Statement

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, in the other matters described in the Official Statement, until the delivery of the Bonds. All information with respect to the resale of the Bonds shall be the responsibility of the Underwriter.

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 statement in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated is intended as such and not a representation of fact and no representation is made that any such statement will be realized.

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 224 as of the date shown on the cover page.

/s/ _____
President, Board of Directors
Montgomery County Municipal Utility District
No. 224

/s/ _____
Secretary, Board of Directors
Montgomery County Municipal Utility District
No. 224

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED MAY 31, 2026

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Municipal Utility District No. 224
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 224 (the "District") as of and for the year ended May 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Montgomery County Municipal Utility District No. 224

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

August 26, 2026

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2026

Management's discussion and analysis of the financial performance of Montgomery County Municipal Utility District No. 224 (the "District") provides an overview of the District's financial activities for the year ended May 31, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounted for property tax revenues, developer advances, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $2,204,035 as of May 31, 2026. A portion of the District's net position reflects its net investment in capital assets which include land, water facilities, wastewater facilities, drainage facilities and roads less any debt used to acquire those assets that is still outstanding. On the following page is a comparative analysis of government-wide changes in net position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a comparative analysis of the government-wide changes in net position.

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 422,188	$ 53,012	$ 369,176
Capital Assets (Net of Depreciation)	10,952,548	9,076,813	1,875,735
Total Assets	$ 11,374,736	$ 9,129,825	$ 2,244,911
Due to Developer	$ 10,166,434	$ 10,257,581	$ 91,147
Bonds Payable	3,371,208		(3,371,208)
Other Liabilities	41,129	34,166	(6,963)
Total Liabilities	$ 13,578,771	$ 10,291,747	$ (3,287,024)
Net Position:			
Net Investment in Capital Assets	$ (1,875,024)	$ (897,268)	$ (977,756)
Restricted	168,718		168,718
Unrestricted	(497,729)	(264,654)	(233,075)
Total Net Position	$ (2,204,035)	$ (1,161,922)	$ (1,042,113)

The following table summarizes the District's operations for the years ending May 31, 2026, and May 31, 2025.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 160,352	$ 43,378	$ 116,974
Other Revenues	6,200		6,200
Total Revenues	$ 166,552	$ 43,378	$ 123,174
Expenses for Services	1,208,665	970,519	(238,146)
Change in Net Position	$ (1,042,113)	$ (927,141)	$ (114,972)
Net Position, Beginning of Year	(1,161,922)	(234,781)	(927,141)
Net Position, End of Year	$ (2,204,035)	$ (1,161,922)	$ (1,042,113)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's combined fund balances as of May 31, 2026 were $384,928, an increase of $366,082 from the prior year.

The District's General Fund fund balance increased by $52,352 from the previous fiscal year primarily due to property tax revenues and developer advances exceeding operating and capital outlay costs.

The Debt Service Fund fund balance increased by $181,947 from the previous fiscal year primarily due to capitalized interest funded by the Series 2025 bonds exceeding debt service costs.

The Capital Projects Fund fund balance increased by $131,783 from the previous fiscal year primarily due to bond proceeds received from the sale of the Series 2025 bonds exceeding capital outlay, developer reimbursement costs, including interest, and various bond issuance costs.

CAPITAL ASSETS

Capital assets as of May 31, 2026, total $10,952,548 (net of accumulated depreciation) and include the water, wastewater, drainage systems and roads.

Capital Assets At Year-End

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,001,582	$ 1,001,582	$
Capital Assets, Net of Accumulated Depreciation:			
Water System	987,696	731,339	256,357
Wastewater System	1,915,494	1,764,701	150,793
Drainage System	3,741,345	3,126,633	614,712
Roads	3,306,431	2,452,558	853,873
Total Net Capital Assets	$ 10,952,548	$ 9,076,813	$ 1,875,735

The District is located within the city limits of the City of Montgomery, Texas (the "City). All water, wastewater, storm drainage and road facilities constructed within the District are conveyed to the City once completed and placed in service. The City is responsible for the operation and maintenance of these facilities for the benefit of the residents of the District; however, the District retains significant residual interest in these facilities and records such facilities as capital assets in accordance with GASB Statement No. 94. The District owns and maintains the detention facilities. Landscaping and recreational facilities will be conveyed to the HOA for maintenance and operations.

LONG-TERM DEBT

At the end of the current fiscal year, the District had total bond debt payable of $3,400,000. The changes in bonds payable of the District during the current fiscal year are summarized in the following table.

Bond Debt Payable, June 1, 2025	$ - 0 -
Add: Series 2025 Bond Sale	3,400,000
Bond Debt Payable, May 31, 2026	$ 3,400,000

The Series 2025 bonds do not carry an underlying or insured rating.

As of May 31, 2026, the District recorded an amount due to the Developer of $10,166,434 which consisted of operating advances made by the Developer since inception as well as costs associated with the construction of water, wastewater, drainage and road facilities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were $108,601 more than budgeted revenues, actual expenditures were $410,734 more than budgeted expenditures and actual developer advances were $354,485 more than budgeted advances which resulted in a positive budget variance of $52,352. See the budget to actual comparison for more information.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Montgomery County Municipal Utility District No. 224, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Blvd, Suite 2650, Houston, Texas 77056.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 72,157	$ 206,388
Receivables:		
Property Taxes	9,360	
Due from Others		
Due from Other Funds	26,941	
Land and Land Improvements		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 108,458	$ 206,388
LIABILITIES		
Accounts Payable	$ 27,900	$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		24,441
Long-Term Liabilities:		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 27,900	$ 24,441
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 9,360	$ -0-
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		181,947
Unassigned	71,198	
TOTAL FUND BALANCES	$ 71,198	$ 181,947
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 108,458	$ 206,388
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 83,720	$ 362,265	$	$ 362,265
	9,360		9,360
50,563	50,563		50,563
	26,941	(26,941)	
		1,001,582	1,001,582
		9,950,966	9,950,966
$ 134,283	$ 449,129	$ 10,925,607	$ 11,374,736
$	$ 27,900	$	$ 27,900
		13,229	13,229
		10,166,434	10,166,434
2,500	26,941	(26,941)	
		3,371,208	3,371,208
$ 2,500	$ 54,841	$ 13,523,930	$ 13,578,771
$ -0-	$ 9,360	$ (9,360)	$ -0-
$ 131,783	$ 131,783	$ (131,783)	$
	181,947	(181,947)	
	71,198	(71,198)	
$ 131,783	$ 384,928	$ (384,928)	$ -0-
$ 134,283	$ 449,129		
		$ (1,875,024)	$ (1,875,024)
		168,718	168,718
		(497,729)	(497,729)
		$ (2,204,035)	$ (2,204,035)

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MAY 31, 2026

Total Fund Balances - Governmental Funds		$ 384,928
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,952,548
Deferred inflows of resources related to property tax revenues for the 2025 tax levy became part of recognized revenue in the governmental activities of the District.		9,360
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This liability at year consists of:		
Due to Developer	$ (10,166,434)	
Accrued Interest Payable	(13,229)	
Bonds Payable	(3,371,208)	(13,550,871)
Total Net Position - Governmental Activities		$ (2,204,035)

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 150,992	$
Interest and Miscellaneous Revenues	109	4,174
TOTAL REVENUES	$ 151,101	$ 4,174
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 155,861	$
Contracted Services	8,700	9,134
Detention Pond Maintenance	67,491	
Depreciation		
Other	12,575	5,798
Capital Outlay	304,122	
Developer Interest		
Debt Service:		
Bond Interest		45,420
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 548,749	$ 60,352
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ (397,648)	$ (56,178)
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	$	$ 238,125
Bond Discount		
Bond Premium		
Developer Advances	450,000	
TOTAL OTHER FINANCING SOURCES (USES)	$ 450,000	$ 238,125
NET CHANGE IN FUND BALANCES	$ 52,352	$ 181,947
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2025	18,846	
FUND BALANCES/NET POSITION - MAY 31, 2026	$ 71,198	$ 181,947

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 150,992	$ 9,360	$ 160,352
1,917	6,200		6,200
$ 1,917	$ 157,192	$ 9,360	$ 166,552
$	$ 155,861	$	$ 155,861
	17,834		17,834
	67,491		67,491
		207,768	207,768
51,984	70,357		70,357
2,320,528	2,624,650	(2,624,650)	
285,675	285,675		285,675
	45,420	13,729	59,149
344,530	344,530		344,530
$ 3,002,717	$ 3,611,818	$ (2,403,153)	$ 1,208,665
$ (3,000,800)	$ (3,454,626)	$ 2,412,513	$ (1,042,113)
$ 3,161,875	$ 3,400,000	$ (3,400,000)	$
(32,316)	(32,316)	32,316	
3,024	3,024	(3,024)	
	450,000	(450,000)	
$ 3,132,583	$ 3,820,708	$ (3,820,708)	$ -0-
$ 131,783	$ 366,082	$ (366,082)	$
		(1,042,113)	(1,042,113)
	18,846	(1,180,768)	(1,161,922)
$ 131,783	$ 384,928	$ (2,588,963)	$ (2,204,035)

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2026

Net Change in Fund Balances - Governmental Funds	$	366,082
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		9,360
Governmental funds do not account for depreciation. However, depreciation expense is recorded in the Statement of Activities.		(207,768)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		2,624,650
Governmental funds report bond premiums and discounts as other financing sources or uses in the year received or paid. However, in the Statement of Net Position, bond premiums and discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		29,292
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(13,729)
Governmental funds report bond proceeds as other financing sources. Proceeds from the sale of bonds increase long-term liabilities in the Statement of Net Position.		(3,400,000)
Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances are recorded as a liability.		(450,000)
Change in Net Position - Governmental Activities	$	(1,042,113)

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

NOTE 1. CREATION OF DISTRICT

Montgomery County Municipal Utility District No. 224 (the "District") was created effective August 7, 2023, by an Order of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, to construct roads, to provide solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its organizational meeting on August 8, 2023.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined below:

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Fund

The District has three governmental funds and considers each to be a major fund. The General Fund accounts for property tax revenues, developer advances, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources and uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At year end, the Debt Service Fund owed the General Fund $24,441 for maintenance tax collections. At year end, the Capital Projects Fund owed the General Fund $2,500 for a bond related invoice paid by the General Fund.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. Capital assets, if acquired, will be reported in the Statement of Net Position at historical cost. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset will be capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than $5,000 and a useful life over 2 years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over 30-45 years.

Water, wastewater, storm drainage and road facilities constructed within the District are conveyed to the City of Montgomery, Texas for operation and maintenance for the benefit of the residents of the District. The District maintains a significant residual interest in these facilities conveyed. Therefore, in accordance with GASB Statement No. 94, these assets are recorded as capital assets of the District. The District owns and maintains the detention facilities. Landscaping and recreational facilities will be conveyed to the HOA for maintenance and operations.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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 original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered "employees" for federal payroll tax purposes only.

Measurement Focus

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

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

Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

Changes in bonds payable for the current fiscal year are summarized in the following table:

	June 1, 2025	Additions	Retirements	May 31, 2026
Bonds Payable	$	$ 3,400,000	$	$ 3,400,000
Unamortized Discounts		(32,316)	(552)	(31,764)
Unamortized Premiums		3,024	52	2,972
Bonds Payable, net	$ -0-	$ 3,370,708	$ (500)	$ 3,371,208

Amount Due Within One Year	$ -0-
Amount Due After One Year	3,371,208
Total Bonds Payable, net	$ 3,371,208

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2025
Amounts Outstanding –May 31, 2026	$3,400,000
Interest Rates	4.00% - 6.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2028/2052
Interest Payment Dates	October 1/ April 1
Callable Dates	April 1, 2031*

* The bonds are subject to redemption at the option of the District prior to their maturity in whole, or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2025 term bonds maturing on April 1, 2035, 2037, 2040, 2043, 2046, 2049, and 2052 are subject to mandatory redemption beginning April 1, 2034, 2036, 2038, 2041, 2044, 2047, and 2050, respectively.

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

Fiscal Year	Principal	Interest	Total
2027	$	$ 158,750	$ 158,750
2028	70,000	158,750	228,750
2029	75,000	154,550	229,550
2030	75,000	151,550	226,550
2031	80,000	148,550	228,550
2032-2036	475,000	690,025	1,165,025
2037-2041	610,000	577,125	1,187,125
2042-2046	780,000	419,899	1,199,899
2047-2051	1,000,000	212,301	1,212,301
2052	235,000	11,750	246,750
	$ 3,400,000	$ 2,683,250	$ 6,083,250

The District has authorized but unissued bonds in the amount of $347,600,000 for the purpose of acquiring or construction of water, sewer, and drainage facilities and refunding purposes, $149,250,000 for road facilities and refunding purposes and $62,500,000 for parks and recreational facilities and refunding purposes. The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.The tax is levied upon all property subject to taxation within the District without limitation as to rate or amount. During fiscal year 2026, the District did not levy a debt service tax.

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

At fiscal year end, the carrying amount of the District's deposits was $362,265 and the bank balance was $411,884. The District was not exposed to custodial credit risk.

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

	Cash
GENERAL FUND	$ 72,157
DEBT SERVICE FUND	206,388
CAPITAL PROJECTS FUND	83,720
TOTAL DEPOSITS	$ 362,265

Investments

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

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

As of May 31, 2026, the District did not own any investments.

NOTE 6. MAINTENANCE TAX

On November 7, 2023, District voters authorized the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. The maintenance tax is to be used for operation and maintenance purposes. During the year ended May 31, 2026, the District levied an ad valorem maintenance tax rate of $1.10 per $100 of assessed valuation, which resulted in a tax levy of $160,352 on the adjusted tax able valuation of $14,577,485 for the 2025 tax year.

NOTE 7. CAPITAL ASSETS

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

	June 1, 2025	Increases	Decreases	May 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 1,001,582	$ -0-	$ -0-	$ 1,001,582
Capital Assets Subject to Depreciation				
Water System	$ 744,229	$ 273,662	$	$ 1,017,891
Wastewater System	1,792,280	191,157		1,983,437
Drainage System	3,197,564	690,259		3,887,823
Roads	2,492,308	928,425		3,420,733
Total Capital Assets Subject to Depreciation	$ 8,226,381	$ 2,083,503	$ -0-	$ 10,309,884
Accumulated Depreciation				
Water System	$ 12,890	$ 17,305	$	$ 30,195
Wastewater System	27,579	40,364		67,943
Drainage System	70,931	75,547		146,478
Roads	39,750	74,552		114,302
Total Accumulated Depreciation	$ 151,150	$ 207,768	$ -0-	$ 358,918
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 8,075,231	$ 1,875,735	$ -0-	$ 9,950,966
Total Capital Assets, Net of Accumulated Depreciation	$ 9,076,813	$ 1,875,735	$ -0-	$ 10,952,548

Water, wastewater, storm drainage and road facilities constructed within the District are conveyed to the City of Montgomery, Texas for operation and maintenance for the benefit of the residents of the District. The District maintains a significant residual interest in these facilities conveyed. Therefore, in accordance with GASB Statement No. 94, these assets are recorded as capital assets of the District. The District owns and maintains the detention facilities. Landscaping and recreational facilities will be conveyed to the HOA for maintenance and operations.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the last three years.

NOTE 9. UNREIMBURSED COSTS

The District has entered into a financing and reimbursement agreement with a Developer within the District which provides for the Developer to make payments on behalf of the District for various projects and operating advances. The District has recorded a liability to the Developer of $10,166,434 for completed construction projects and operating advances as of May 31, 2026. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developer. The following table summarizes the current fiscal year activity:

Due to Developers, beginning of year	$ 10,257,581
Additions	2,229,381
Reimbursements	(2,320,528)
Due to Developers, end of year	$ 10,166,434

NOTE 10. UTILITY AGREEMENT

The District and the City of Montgomery, Texas (the "City") entered into a Utility Agreement (the "Agreement") on November 10, 2023, which states the City agrees to provide retail water service to the District to serve the full development. The City agrees to own, operate, and maintain the facilities and charge user fees at the in-City Rates. Under the agreement, the Developer agrees to finance and construct on behalf of the District the internal water facilities and dedicate sites thereunder. Per the Agreement, the City will provide sufficient water capacity to serve the ultimate build-out of the District. The District's water supply is currently sufficient to serve 309 equivalent single-family connections ("ESFCs").

Pursuant to the Agreement, the City agrees to provide retail wastewater service to the District to serve the full development. The City agrees to own, operate and maintain the facilities and charge user fees at in-City Rates. Under the agreement, the Developer agrees to finance and construct on behalf of the District the internal wastewater facilities and dedicate sites thereunder. Per the Agreement, the City will provide sufficient wastewater capacity to serve the ultimate build-out of the District. The District's wastewater is treated at the City's Town Creek Wastewater Treatment Facility. The District's wastewater capacity is currently sufficient to serve 309 ESFCs.

NOTE 11. BOND SALE

On December 18, 2025, the District closed on the sale of its $3,400,000 Series 2025 Unlimited Tax Bonds. Proceeds of the bonds were used to reimburse the developer for construction and engineering costs for Montgomery Bend, Section 1 and offsite utilities, creation costs , impact fees paid to the City of Montgomery, land acquisition costs and operating advances. Bond proceeds were also used to fund capitalized interest, developer interest and various bond issuance costs.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2026

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND FOR THE YEAR ENDED MAY 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 42,500	$ 150,992	$ 108,492
Interest and Miscellaneous Revenues		109	109
TOTAL REVENUES	$ 42,500	$ 151,101	$ 108,601
EXPENDITURES			
Service Operations:			
Professional Fees	$ 79,000	$ 155,861	$ (76,861)
Contracted Services	6,000	8,700	(2,700)
Detention Pond Maintenance	41,640	67,491	(25,851)
Other	11,375	12,575	(1,200)
Capital Outlay		304,122	(304,122)
TOTAL EXPENDITURES	$ 138,015	$ 548,749	$ (410,734)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (95,515)	$ (397,648)	$ (302,133)
OTHER FINANCING SOURCES			
Developer Advances	$ 95,515	$ 450,000	$ 354,485
NET CHANGE IN FUND BALANCE	$ -0-	$ 52,352	$ 52,352
FUND BALANCE - JUNE 1, 2025	18,846	18,846	
FUND BALANCE - MAY 31, 2026	$ 18,846	$ 71,198	$ 52,352

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2026

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2026

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

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

____ Participates in joint venture, regional system and/or wastewater service

____ Other (specify):

Note: The City of Montgomery, Texas is the provider of water and wastewater treatment services to residents of the District. The District will own and maintain the detention facilities within the District.

2. RETAIL SERVICE PROVIDERS: NOT APPLICABLE

3. TOTAL WATER CONSUMPTION: NOT APPLICABLE

4. STANDBY FEES: NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No ____

County in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely __X__ Partly ____ Not at all ____

City in which District is located:

Montgomery, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No __X__

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2026

PROFESSIONAL FEES:		
Auditing	$	12,500
Engineering		45,351
Legal		98,010
TOTAL PROFESSIONAL FEES	$	155,861
CONTRACTED SERVICES:		
Bookkeeping	$	8,700
DETENTION POND MAINTENANCE	$	67,491
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	6,636
Insurance		3,157
Website, Meetings, and Other		2,782
TOTAL ADMINISTRATIVE EXPENDITURES	$	12,575
CAPITAL OUTLAY	$	304,122
TOTAL EXPENDITURES	$	548,749

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2026

	Maintenance Taxes	
TAXES RECEIVABLE - JUNE 1, 2025	$ -0-	
Adjustments to Beginning Balance		$ -0-
Original 2025 Tax Levy	$ 161,768	
Adjustment to 2025 Tax Levy	(1,416)	160,352
TOTAL TO BE ACCOUNTED FOR		$ 160,352
TAX COLLECTIONS:		
Prior Years	$ -0-	
Current Year	150,992	150,992
TAXES RECEIVABLE - MAY 31, 2026		$ 9,360

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2026

	2025	2024
PROPERTY VALUATIONS:		
Land	$ 8,792,487	$ 3,943,422
Improvements	6,031,644	
Personal Property	22,990	
Exemptions	(269,636)	
TOTAL PROPERTY VALUATIONS	$ 14,577,485	$ 3,943,422
TAX RATES PER $100 VALUATION:		
Maintenance	$ 1.10	$ 1.10
ADJUSTED TAX LEVY*	$ 160,352	$ 43,378
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	94.16 %	100.00 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation authorized by voters on November 7, 2023.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

Due During Fiscal Years Ending May 31	SERIES-2025 Principal Due April 1	Interest Due October 1/ April	Total
2027	$	$ 158,750	$ 158,750
2028	70,000	158,750	228,750
2029	75,000	154,550	229,550
2030	75,000	151,550	226,550
2031	80,000	148,550	228,550
2032	85,000	145,350	230,350
2033	90,000	141,950	231,950
2034	95,000	138,350	233,350
2035	100,000	134,313	234,313
2036	105,000	130,062	235,062
2037	110,000	125,600	235,600
2038	115,000	120,925	235,925
2039	120,000	115,750	235,750
2040	130,000	110,350	240,350
2041	135,000	104,500	239,500
2042	140,000	98,087	238,087
2043	150,000	91,437	241,437
2044	155,000	84,313	239,313
2045	165,000	76,950	241,950
2046	170,000	69,112	239,112
2047	180,000	61,038	241,038
2048	190,000	52,263	242,263
2049	200,000	43,000	243,000
2050	210,000	33,250	243,250
2051	220,000	22,750	242,750
2052	235,000	11,750	246,750
	$ 3,400,000	$ 2,683,250	$ 6,083,250

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2026

Description	Original Bonds Issued	Bonds Outstanding June 1, 2025
Montgomery County Municipal Utility District No. 224 Unlimited Tax Bonds - Series 2025	$ 3,400,000	$ -0-

Bond Authority:	Water, Sewer and Drainage Bonds	Road Bonds	Parks and Recreational Bonds
Amount Authorized by Voters	$ 351,000,000	$ 149,250,000	$ 62,500,000
Amount Issued	3,400,000		
Remaining to be Issued	$ 347,600,000	$ 149,250,000	$ 62,500,000

Debt Service Fund cash and investment balances as of May 31, 2026:	$ 206,388
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 233,971

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding May 31, 2026	Paying Agent
$ 3,400,000	$ -0-	$ 45,420	$ 3,400,000	BOKF, N.A. Dallas, Texas

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – TWO YEARS

	Amounts		Percentage of Total Revenues	
	2026	2025	2026	2025
REVENUES				
Property Taxes	$ 150,992	$ 43,378	99.9 %	100.0 %
Interest and Miscellaneous Revenues	109		0.1	
TOTAL REVENUES	$ 151,101	$ 43,378	100.0 %	100.0 %
EXPENDITURES				
Professional Fees	$ 155,861	$ 56,391	103.2 %	130.0 %
Contracted Services	8,700	9,047	5.8	20.9
Detention Pond Maintenance	67,491		44.7	
Other	12,575	7,813	8.3	18.0
Capital Outlay	304,122		201.3	
TOTAL EXPENDITURES	$ 548,749	$ 73,251	363.3 %	168.9 %
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ (397,648)	$ (29,873)	(263.3) %	(68.9) %
OTHER FINANCING SOURCES				
Developer Advances	$ 450,000	$ 82,000		
NET CHANGE IN FUND BALANCE	$ 52,352	$ 52,127		
BEGINNING FUND BALANCE	18,846	(33,281)		
ENDING FUND BALANCE	$ 71,198	$ 18,846		

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – TWO YEARS

	Amounts		Percentage of Total Revenues	
	2026	2025	2026	2025
REVENUES				
Interest and Miscellaneous Revenues	$ 4,174	$ - 0 -	100.0 %	N/A %
EXPENDITURES				
Tax Collection Expenditures	$ 14,732	$	352.9 %	%
Debt Service Interest and Fees	45,620		1,093.0	
TOTAL EXPENDITURES	$ 60,352	$ - 0 -	1,445.9 %	N/A %
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ (56,178)	$ - 0 -	(1,345.9) %	N/A %
OTHER FINANCING SOURCES				
Proceeds from Issuance of Long-Term Debt	$ 238,125	$ - 0 -		
NET CHANGE IN FUND BALANCE	$ 181,947	$ - 0 -		
BEGINNING FUND BALANCE				
ENDING FUND BALANCE	$ 181,947	$ - 0 -		
TOTAL ACTIVE RETAIL WATER CONNECTIONS	*	*		
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	*	*		

* The City of Montgomery, Texas will provide water and wastewater services to the residents of the District.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2026

District Mailing Address - Montgomery County Municipal Utility District No. 224
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1330 Post Oak Blvd, Suite 2650
Houston, TX 77056

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2026	Expense Reimbursements for the year ended May 31, 2026	Title
William Bood	05/2024 - 05/2028 (Elected)	$ 1,326	$ 68	President
Joshua Brooks	05/2024 - 05/2028 (Elected)	$ 1,547	$ 239	Vice President
Jacob Miller	05/2024 - 05/2028 (Elected)	$ 663	$ 28	Secretary
Josh Adair	05/2026 - 05/2030 (Elected)	$ 1,105	$ 12	Assistant Secretary
Jacob Abraham	05/2026 - 05/2030 (Elected)	$ 1,326	$ 4	Assistant Secretary

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

Submission date of most recent District Registration Form: June 16, 2026

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

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 224
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2026

Consultants:	Date Hired	Fees for the year ended May 31, 2026	Title
Sanford Kuhl Hagan Kugle Parker Kahn LLP	08/08/23	$ 98,010 $ 103,855	General Counsel Bond Related
McCall Gibson Swedlund Barfoot Ellis PLLC	08/08/23	$ 12,500 $ 15,000	Auditor Bond Related
L&S District Services LLC	08/08/23	$ 10,001 $ 1,200	Bookkeeper Bond Related
Perdue, Brandon, Fielder, Collins & Mott, LLP	10/8/2025	$ -0-	Delinquent Tax Attorney
GMS Group, LLC	08/08/23	$ 69,850	Financial Advisor
Elevation Land Solutions LLC	08/08/23	$ 45,351 $ 50,563	Engineer Bond Related
Utility Tax Service LLC	08/08/23	$ 13,760	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

PHOTOGRAPHS TAKEN IN THE DISTRICT













APPENDIX C

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.

SPECIMEN

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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