PRELIMINARY OFFICIAL STATEMENT DATED MAY 14, 2025

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the purpose of soliciting initial bids on the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser.

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

THE BONDS WILL BE DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE - Book-Entry-Only

$2,055,000
VALLEY RANCH TOWN CENTER MANAGEMENT DISTRICT
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX BONDS, SERIES 2025

Dated: July 1, 2025 **Due: September 1, as shown below**

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Houston, Texas. Interest on the Bonds will accrue from July 1, 2025, and be payable on September 1, 2025, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

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

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

Due Sept. 1	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number 92007M (c)	Due Sept. 1	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number 92007M (c)
2026	$45,000				2039	$80,000 (d)			
2027	45,000				2040	85,000 (d)			
2028	50,000				2041	90,000 (d)			
2029	50,000				2042	95,000 (d)			
2030	50,000				2043	100,000 (d)			
2031	55,000 (d)				2044	105,000 (d)			
2032	55,000 (d)				2045	110,000 (d)			
2033	60,000 (d)				2046	115,000 (d)			
2034	65,000 (d)				2047	120,000 (d)			
2035	65,000 (d)				2048	125,000 (d)			
2036	70,000 (d)				2049	130,000 (d)			
2037	75,000 (d)				2050	140,000 (d)			
2038	75,000 (d)								

(a) The Initial Purchaser (as defined herein) may elect to designate one or more term bonds. See accompanying Official Notice of Sale and Official Bid Form.
(b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from July 1, 2025 is to be added to the price.
(c) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
(d) Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS— Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Valley Ranch Town Center Management District (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Montgomery County, the City of Houston or any entity other than the District. The Bonds are subject to special risks factors described herein. See "RISK FACTORS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about July 10, 2025.

Bids Due: Wednesday, June 11, 2025 at 10:00 A.M., Houston Time in Houston, Texas
Bid Award: Wednesday, June 11, 2025, at 12:00 P.M., Houston Time in Houston, Texas

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

OFFICIAL STATEMENT SUMMARY

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

THE FINANCING

The Issuer .... Valley Ranch Town Center Management District (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."

The Issue .... $2,055,000 Unlimited Tax Bonds, Series 2025 (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds maturing in the years and in the amounts shown on the cover hereof. Interest on the Bonds accrues from July 1, 2025 and is payable on September 1, 2025, and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS."

Redemption……………… The Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2030, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See "THE BONDS—Redemption Provisions."

Source of Payment .... The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "TAX PROCEDURES." The Bonds are obligations of the District and are not obligations of the State of Texas, Montgomery County, the City of Houston, New Caney Municipal Utility District, or any other political subdivision or agency other than the District. See "THE BONDS – Source of and Security for Payment."

Payment Record............... The District has previously issued four series of unlimited tax road bonds and two series of unlimited tax bonds, of which $17,915,000 in aggregate principal amount remains outstanding as of May 14, 2025 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal and interest on the Outstanding Bonds.

Use of Proceeds .... Proceeds from the sale of the Bonds will be used to pay for items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," to pay developer interest, and to pay certain other costs and fees related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Qualified Tax-Exempt Obligations .... The Bonds will be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

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

Authority for Issuance…… The Bonds are the third series of bonds issued out of an aggregate of $44,250,000 principal amount of unlimited tax bonds authorized by the District's voters on May 6, 2017, for the purpose of acquiring or constructing water, sewer and drainage facilities. The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), the Bond Resolution adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and

54 of the Texas Water Code, as amended, an election held within the District, and the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS – Authority for Issuance."

Municipal Bond Rating and Municipal Bond Insurance………………….....The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such an application been made.

An application has been made for municipal bond insurance. If qualified, the purchase of municipal bond insurance is optional and at the expense of the Initial Purchaser. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

Legal Opinion...................Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel.

Disclosure Counsel...........McCall, Parkhurst & Horton LLP, Houston, Texas.

Financial Advisor............Post Oak Municipal Advisors LLC, Houston, Texas.

Engineer ....GFT, Inc., Houston Texas.

Risk Factors......................The purchase and ownership of the Bond are subject to special risk factors and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned "RISK FACTORS."

THE DISTRICT

Description ....The District was created by Senate Bill 2044, an act of the 84th Legislature of the State of Texas on June 18, 2015, codified as Chapter 3941 of the Texas Special District Local Laws Code, pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and operates under the provisions of Chapter 49 of the Texas Water Code, as amended, and Chapter 375 of the Texas Local Government Code, as amended. The District presently contains approximately 372 acres of land located approximately 30 miles north of downtown Houston, Texas. The District lies entirely within the extraterritorial jurisdiction of the City of Houston. The District is bounded on the east by U.S. Highway 59, on the north by New Caney Municipal Utility District ("New Caney MUD," which also overlaps the District), on the west by White Oak Creek, and on the south by Valley Ranch Municipal Utility District No. 1. See "THE DISTRICT" and "AERIAL PHOTOGRAPH" herein.

Status of Development......The Developers (as defined herein) have financed the design and construction of internal utilities and road facilities to serve approximately 205 acres of land in the District, including approximately 183 acres developed as commercial reserves and approximately 22 acres developed for multifamily use. The District also has approximately 35 acres of easements and rights-of-way, approximately 40 undevelopable acres in the 100-year floodplain, and approximately 92 acres of developable land which have not been provided with water distribution, wastewater treatment, storm drainage facilities, and roads.

Approximately 75 acres of land in the District have been developed as Valley Ranch Town Center (the "Town Center"), an approximately 991,000 square foot retail, single story facility owned by the Developers, as defined below, with attached and stand-alone retail stores. Each store is individually operated, and each tenant is responsible for paying the personal property taxes attributable to such store. The Town Center includes the following stores: Academy (a 63,847 square foot sporting goods store), Kroger grocery store and fuel station (a 121,621 square foot grocery store), Burlington (a 40,000 square foot retail store), Target (a 134,990 square foot retail store), Hobby Lobby (a 55,000 square foot retail store), TJ Maxx (a 21,000 square foot retail store), Ross (a 22,000 square foot retail store), PetSmart (a 18,359 square foot pet store), Cinemark movie theatre (a 38,291 square foot building), Supercuts, Nails of America #1, Sally Beauty, GNC, Lin's China Diner, Shogun, Signorelli Office (totaling approximately 15,967 square feet), Bath & Body Works storage, James Avery (totaling approximately 3,911 square feet), Chili's Grill and Bar, Whataburger, MOD Pizza, Smoothie King, My Eyelab, T-Mobile, Mattress Firm, Schlotzsky's, Level T, Crumbl Cookies, Grab N Go Tacos, Freddy's Frozen Custard (totaling approximately 33,972 square feet), Regions Bank, Panda Express, Menchie's Frozen Yogurt, The Joint Chiropractic, Sport Clips, Ideal Dental, Five Guys, UPS Store, Gadget MD, AT&T (totaling approximately 20,803 square feet), Toasted Yolk Café, Bank of America, Chick-Fil-A, Taco Bell (totaling approximately 18,576 square feet), HomeGoods, Victoria's Secret, Dermani Medspa, Memorial Hermann Medical Group, HotWorx, Batteries Plus, Edward Jones (totaling approximately 41,814 square feet), Russo's Pizzeria, Yummy Tummy Bakery, Carter's, Bath & Body Works, America's Best Optical, Ulta Beauty (totaling approximately 26,080 square feet), Rack Room Sales, Five Below, Popshelf (totaling approximately 25,513 square feet), Chipotle Mexican Grill, Sherwin-Williams, Buffalo Wild Wings, Tune Up – The Many Salon, Airi Poke & Ramen, Nails of America #2, Verizon (totaling approximately 22,950 square feet), Gringo's Mexican Kitchen, Olive Garden, Dave's Hot Chicken, Jersey Mike's Subs, Aspen Dental, LensCrafters, Nothing Bundt Cakes (totaling approximately 30,116 square feet), Pacific Dental, Waxing The City, Salata, The Good Feet Store, Community Resource Credit Union, Mister Car Wash (totaling approximately 13,868 square feet), Rogers Premium Salon Suites (totaling approximately 14,250 square feet), DaVita, F45 Training, Marble Slap Creamery & Great American Cookie, State Farm, Thrive Mortgage, Unique Kids Pediatric Dentistry, Kung Fu Tea, Tesla Supercharger (totaling approximately 20,260 square feet), Saltgrass, Raising Canes, Care Now Urgent Care, Valvoline (totaling approximately 18,090 square feet), Chuy's (totaling approximately 5,412 square feet). A Party City, (totaling approximately 12,000 square feet) has filed bankruptcy, closed and still continues to pay rent. An approximately 130,000 square foot building is owned by The Signorelli Company; 25,000 square feet have been leased to the liquor store Goody Goody, 46,000 square feet have been leased to LUMOS entertainment, which is in buildout and will open in the second half of 2025, and contracts are in negotiation for lease of another 50,000 square feet of space. Approximately 85,000 square feet in the Town Center are vacant and being marketed for lease.

The Developers have entered into a lease with each tenant. While the terms of each lease differ, most of the leases are for ten to twenty-year terms. Most of the leases are triple net leases, but a few (including the Kroger grocery store) are ground leases.

In addition to the commercial development, The Pointe Valley Ranch Town Center LLC, an affiliate of the Developers, constructed a 336-unit multi-family development on approximately 15 acres in the District, is currently operating at 92% leased capacity. See "THE DISTRICT— Status of Development."

The Developers ……..… The land in the District is being developed by Valley Ranch Town Center Holdings Ltd. (formerly known as Valley Ranch Town Center, Ltd.), Valley Ranch Town Center One, Ltd., and Valley Ranch Town Center Two, Ltd., all Texas limited partnerships (collectively, the "Developers") formed for the sole purpose of owning and developing its land in the District. The general partner of Valley Ranch Town Center Holdings Ltd. is Valley Ranch Town Center Holdings Operating Company, LLC, a Texas limited liability company. The general partner of Valley Ranch Town Center One, Ltd. is Valley Ranch Town Center One Operating Company, LLC, a Texas limited liability company. The general partner of Valley Ranch Town Center Two, Ltd. is Valley Ranch Town Center Two Operating Company, LLC, a Texas limited liability company. In addition, significant improvements have been constructed within the District by The Pointe Valley Ranch Town Center LLC and Valley Ranch Town Centre Three LLC, both of which are affiliates of the Developers. Valley Ranch Town Center Holdings, Ltd. Continues to own approximately 92 acres of developable land within the District. See "THE DEVELOPERS."

Principal Taxpayers .... Based upon the certified 2024 tax rolls, the top ten taxpayers are responsible for approximately 87.25% of the District's 2024 taxes. The principal taxpayers in the District include the Developers of land in the District that are collectively responsible for approximately 52.10% of the District's 2024 taxes. See "RISK FACTORS—Dependence on Principal Taxpayers," "THE DISTRICT—Status of Development," "THE DEVELOPERS," and "TAX DATA—Principal Taxpayers."

Overlapping Municipal Utility District.................. All of the land within the District is also within the boundaries of New Caney Municipal Utility District ("New Caney MUD"). New Caney MUD is responsible for the design, financing, and construction of all water wells, water and wastewater plants, and related facilities and all transmission and collection lines and mains necessary to transmit water to, and to take wastewater from, the District's boundaries. New Caney MUD has $74,623,524 principal amount of unlimited tax bonds currently outstanding. Principal and interest on such bonds are payable from an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within New Caney MUD's boundaries, including the land within the District. New Caney MUD levied a 2024 tax of $0.4250 per $100 of assessed valuation. See "THE DISTRICT—Utility Agreement with New Caney Municipal Utility District," "ESTIMATED OVERLAPPING DEBT STATEMENT" and "RISK FACTORS—Overlapping Taxes."

RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT FOR A DISCUSSION OF INVESTMENT RISKS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

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SELECTED FINANCIAL INFORMATION

2024 Certified Taxable Assessed Valuation	$219,518,577	(a)
Gross Debt Outstanding (after issuance of the Bonds)	$19,970,000	
Estimated Overlapping Debt	41,403,970	(b)
Gross Debt and Estimated Overlapping Debt	$61,373,970	
Ratio of Gross Debt to:		
2024 Certified Taxable Assessed Valuation	9.10%	
Ratio of Gross Debt and Estimated Overlapping Debt to:		
2024 Certified Taxable Assessed Valuation	27.96%	
Fund Balances Available as of May 14, 2025:		
Operating Fund	$3,079,750	(c)
WS&D Capital Projects Fund	$594	
WS&D Debt Service Fund	$675,217	(d)
Road Capital Projects Fund	$1,539,158	
Road Debt Service Fund	$2,270,636	(d)
2024 Tax Rate:		
Road Debt Service	$0.290	
WS&D Debt Service	0.280	
Maintenance and Operations	0.505	
Total	$1.075	(e)
Projected Average Annual Debt Service Requirements (2025-2050) of the Bonds and the Outstanding Bonds ("Average Requirement")	$1,120,058	
Projected tax rate required to pay Average Requirement based upon:		
2024 Certified Taxable Assessed Valuation at a 95% collection rate	$0.54 /$100	A.V.
Projected Maximum Annual Debt Service Requirements (2039) of the Bonds and the Outstanding Bonds ("Maximum Requirement")	$1,509,070	
Projected tax rate required to pay Maximum Requirement based upon:		
2024 Certified Taxable Assessed Valuation at a 95% collection rate	$0.73 /$100	A.V.

(a) As certified by the Montgomery County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."

(b) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

(c) Includes $1,100,000 of surplus funds to be applied towards the projects to be financed by the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(d) Accrued interest on the Bonds will be deposited to the WS&D Debt Service Fund. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities, including the Bonds (the "Water, Sewer and Drainage Bonds") and a portion will be allocated to bonds sold for road facilities (the "Road Bonds"). See "FINANCIAL STATEMENT (UNAUDITED) – Outstanding Bonds." The Road Debt Service Fund is not pledged to the Water, Sewer, and Drainage Bonds and the Water, Sewer and Drainage Debt Service Fund is not pledged to the Road Bonds.

(e) In addition to the District's tax, New Caney MUD levies a tax against all taxable property within its respective boundaries, which includes all of the land within the District. New Caney MUD levied a 2024 tax of $0.4250 per $100 assessed valuation. See "ESTIMATED OVERLAPPING DEBT STATEMENT – Overlapping Taxes for 2024" and "RISK FACTORS — Overlapping Taxes."

OFFICIAL STATEMENT
$2,055,000
VALLEY RANCH TOWN CENTER MANAGEMENT DISTRICT
(A political subdivision of the State of Texas located within Montgomery County)
UNLIMITED TAX BONDS, SERIES 2025

This Official Statement provides certain information in connection with the issuance by Valley Ranch Town Center Management District (the "District") of its $2,055,000 Unlimited Tax Bonds, Series 2025 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas, an election held in the District, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board") and an order issued by the Texas Commission on Environmental Quality (the "TCEQ").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and the developers of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

RISK FACTORS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Montgomery County, the City of Houston, New Caney Municipal Utility District or any other entity other than the District, will be secured by a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Dependence on the Developers and Principal Taxpayers

Based upon the certified 2024 tax rolls, the top ten taxpayers are responsible for approximately 87.25% of the District's 2024 taxes (levied on $219,518,577 in taxable property value). The principal taxpayer in the District is Valley Ranch Town Center Two Ltd., a shopping center, which is responsible for 23.71% of the District's 2024 taxes. The second largest taxpayer is The Pointe Valley Ranch Town Center LLC, a 336-unit multi-family development, which is responsible for 22.78% of the District's 2024 taxes. The third largest taxpayer is Valley Ranch Town Center Holdings, Ltd., a shopping center, which is responsible for approximately 17.23% of the District's 2024 taxes. See "THE DISTRICT—Status of Development," "THE DEVELOPERS," and "TAX DATA—Principal Taxpayers." The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes 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 Bonds on a current basis.

Dependence on Personal Property Tax Collections

Because substantially all of the District's tax base is comprised of commercial development, approximately 13.26% ($29,113,158) of the Certified 2024 Taxable Assessed Valuation ($219,518,577) is attributable to personal property. See "TAX DATA—Summary of Assessed Valuation," "TAX PROCEDURES—Property Subject to Taxation by the District."

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Business inventories are portable and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year.

If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. A lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer. However, the District may not be able to foreclose on personal property located outside the State of Texas, and locating and foreclosing on property held outside the District may be costly, inefficient and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20-year statute of limitations for real property. Personal property may not be seized and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitations period is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See "TAX PROCEDURES."

Potential Effects of Oil and Gas Price Fluctuations on the Houston Area

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

Economic Factors and Interest Rates

General: A substantial percentage of the taxable value of the District results from the current market value of commercial and multifamily property. The market value of such properties is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for commercial property and the construction thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Market and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Competition: The Town Center is located in an area approximately 30 miles north of downtown Houston where substantial development is occurring, and competing retail shopping centers may be built with more convenient locations or lower rents. These shopping centers could attract the tenants of the Town Center or cause them to seek more favorable lease terms at or prior to renewal, and may accordingly adversely affect the business, revenues or values of the Town Center.

Risks Associated with a Shopping Center: National or regional economic conditions resulting in a decline in discretionary income could have a significant, adverse effect on the Town Center. Shopping at retail shopping centers may decrease over time due to competition from other means of shopping, such as catalogues, television, or online shopping. Alternative uses for retail space may not be available.

Trade Disruptions and Increase in Costs of Building Materials

A significant portion of the District's tax base is comprised of personal property (see "Dependence on Personal Property Collections" herein). As a result of ongoing trade disputes including tariffs and retaliatory tariffs, the volume of personal property within the District could be materially impacted. Further, trade disruptions based on the federal administration's unpredictable tariff policy (including the threatened imposition of tariffs) could increase the cost of materials for new construction in the District. Any material impacts to the volume of personal property and decreased levels of construction activity within the District could restrict the growth of property values or could adversely impact existing values. The District makes no representations regarding the effects that current or future economic or governmental circumstances may have on property values or construction activity within the District.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly short-term interest rates at which landowners are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 30 miles north of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets.

A downturn in the economic conditions of Houston or decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth of or reduce the value of the District's property tax base.

Landowner Obligation to the District

There are no commitments from or obligations of the Developers, or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land.

Failure to construct taxable improvements on developed tracts of land could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable value.

Undeveloped Acreage

Approximately 92 developable acres of land in the District are not yet fully served with water, wastewater and drainage facilities and roads necessary for the construction of taxable improvements. The District makes no representation as to when or if development of the undeveloped acreage will occur.

Severe Weather

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

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

Specific Flood Type Risks

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

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

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2024 Certified Taxable Assessed Valuation of the District is $219,518,577 (see "FINANCIAL STATEMENT"). After issuance of the Bonds, the projected maximum annual debt service requirement is $1,509,070 (2039) and the projected average annual debt service requirement is $1,120,058 (2025-2050). Assuming no increase or decrease from the 2024 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.73 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected maximum annual debt service requirement of $1,509,070 and a tax rate of $0.54 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected average annual debt service requirement of $1,120,058. See "DEBT SERVICE REQUIREMENTS."

Although calculations have been made regarding projected average and projected maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2024 Certified Taxable Assessed Valuation, the District makes no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction of taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA— Tax Adequacy for Debt Service."

Overlapping Taxes

All of the land within the District is also within the boundaries of New Caney Municipal Utility District ("New Caney MUD"). New Caney MUD is responsible for the design, financing, and construction of all water wells, water and wastewater plants, and related facilities and all transmission and collection lines and mains necessary to transmit water to, and to take wastewater from, the District's boundaries. The debt service on bonds issued by New Caney MUD is paid from ad valorem taxes on all taxable value within the New Caney MUD, including taxable value in the District. Such taxes are in addition to taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with the property located in other real estate developments, the tax rate of the District, New Caney MUD, and other taxing jurisdictions must be added together. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated within the District will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. New Caney MUD levied a 2024 tax of $0.425 per $100 of assessed valuation. Such rate, combined with the tax rate of the District, is higher than tax rates presently being levied by some special districts in the general vicinity of the District. Further, New Caney MUD has sold multiple series of bonds to finance and maintain infrastructure within its boundaries. The District can make no representation that taxable property values in the District and New Caney MUD will maintain value sufficient to support the continued payment of taxes by property owners. See "THE DISTRICT—Utility Agreement with New Caney Municipal Utility District," "FINANCIAL STATEMENT" and "TAX DATA—Tax Adequacy for Debt Service."

Future Debt

In the Bond Resolution the District reserves the right to issue the remaining $35,410,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and the refunding of such bonds, $48,765,000 principal amount of authorized but unissued unlimited tax bonds for road facilities and the refunding of such bonds, and $40,750,000 principal amount of unlimited tax bonds for parks and recreational facilities and the refunding of such bonds, and the District may issue additional bonds which may be voted hereafter. After reimbursement from the proceeds of the Bonds, the Developers will have advanced funds on the District's behalf in the amount of approximately $3,129,967 for water, sewer, and drainage facilities, roads, and parks and recreational facilities, which are expected to be reimbursed with future bond proceeds. See "THE BONDS— Issuance of Additional Debt" and "WATER SUPPLY AND WASTEWATER TREATMENT— Future Debt." The issuance of such obligations may increase the District's tax rate and adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities or parks and recreational facilities must be approved by the Texas Commission on Environmental Quality (the "Commission"). In addition, the principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding.

The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946.

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

Notwithstanding noncompliance by a district with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors.

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

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

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

Marketability

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

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the 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.

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025 and will conclude on June 2, 2025. The Governor of Texas may call additional special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the District and also affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions. While the enactment of future legislation in Texas could adversely affect the financial condition or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District's obligation to levy an unlimited annual ad valorem tax, would be adversely affected by any such legislation.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is purchased, investors should be aware of the following risk factors:

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

The obligations of the insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Initial Purchaser has made independent investigations into the claims paying ability of the insurer and no assurance or representation regarding the financial strength or projected financial strength of the insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims-paying ability of the insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

THE BONDS

General

The Bonds will be dated and accrue interest from July 1, 2025 which interest is payable on September 1, 2025, and on each March 1 and September 1 thereafter, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years and bear interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

The Bonds will be issued in fully registered form in denominations of $5,000 or integral multiples thereof.

Authority for Issuance

At a bond election held within the District on May 6, 2017, the voters of the District authorized the issuance of a total of $44,250,000 principal amount of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities and refunding such bonds. The Bonds are being issued pursuant to such authorization. After issuance of the Bonds, $35,410,000 principal amount of unlimited tax bonds will remain authorized but unissued for acquiring or constructing water, sewer and drainage facilities and refunding such bonds. See "Issuance of Additional Debt" below.

The Bonds are issued pursuant to a Bond Resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board") and an order of the Texas Commission on Environmental Quality (the "TCEQ"); an election held within the District; Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas; Chapter 49 and 54 of the Texas Water Code, as amended; and Chapter 375 of the Texas Local Government Code, as amended.

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

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds and any future bonds payable in whole or in part from taxes, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

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

Funds

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

The District also maintains a Road Debt Service Fund that is not pledged to Water, Sewer and Drainage Bonds, including the Bonds. Funds in the Water, Sewer and Drainage Debt Service Fund are not available to pay principal and interest on Road Bonds.

Accrued interest on the Bonds shall be deposited into the Water, Sewer and Drainage Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Water, Sewer and Drainage Capital Projects Fund to pay the costs of acquiring or constructing District water, sewer and drainage facilities, paying developer interest, and for paying the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A. Houston, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas. Interest on each Bond shall be payable by check or draft payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owners as shown on the Register on the fifteenth (15th) day (whether or not a business day) of the month prior to each interest payment date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed to by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

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

No Arbitrage

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

In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2031, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2030, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

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

Record Date

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

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

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Issuance of Additional Debt

After issuance of the Bonds, the District will have $35,410,000 principal amount of unlimited tax bonds authorized but unissued for acquiring or constructing water, sewer and drainage facilities and refunding of such bonds, $48,765,000 principal amount of unlimited tax bonds authorized but unissued for road facilities and for refunding of such road bonds, and $40,750,000 principal amount of unlimited tax bonds authorized but unissued for financing parks and recreational facilities and refunding of such bonds. The District anticipates issuing additional bonds in the future. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Future Debt" and "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has adopted a park plan and conducted a park bond election which resulted in voter approval of $40,750,000 principal amount of unlimited tax park bonds, all of which remains authorized but unissued. Before the District issues park bonds payable from taxes, the following actions are required: (a) approval of the park bonds by the Commission; and (b) approval of the bonds by the Attorney General of Texas. When 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 issued by the District may exceed an amount equal to one percent but not greater than three percent of the value of the taxable property in the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) approval of a detailed fire plan by the Commission; (b) authorization of a detailed fire plan and fire bonds by the District's voters at an election; (c) approval of bonds by the Commission; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered preparing such a fire plan or calling such an election at this time.

Issuance of additional bonds could dilute the investment security for the Bonds.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation.

If the District is annexed, the City of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Strategic Partnership

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which the services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were to be annexed for full or limited purposes by the City of Houston. The terms of any such agreement would be determined by the City of Houston and the District, and could provide for the conversion of a limited purpose annexation to a general purpose annexation within twenty-nine years of limited purpose annexation. Although the City of Houston has negotiated and entered into such an agreement with one or more other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District. However, no representation can be made regarding the future likelihood of an agreement or the terms thereof.

Consolidation

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

Remedies in Event of Default

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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. With respect to the Bonds, one fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency'' registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies.

DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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 detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser take any responsibility for the accuracy thereof.

THE DISTRICT

General

Valley Ranch Town Center Management District (the "District") is a municipal management district created by Senate Bill 2044, an act of the 84th Legislature of the State of Texas on June 18, 2015, codified as Chapter 3941 of the Texas Special District Local Laws Code, pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and operates under the provisions of Chapter 49 of the Texas Water Code, as amended, and Chapter 375 of the Texas Local Government Code, as amended. The District is located wholly within the exclusive extraterritorial jurisdiction of the City of Houston, Texas (the "City of Houston").

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities and for the construction, operation and maintenance of macadamized, graveled or paved roads and turnpikes. The District is also empowered to establish parks and recreational facilities, to contract for or employ its own peace officers and, after approval by the Commission and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts.

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, roads, parks and recreational facilities, and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to platted lots and reserves which have been approved by the Planning Commission of the City of Houston. Construction and operation of the system serving the District are subject to the regulatory jurisdiction of additional government agencies. See "WATER SUPPLY AND WASTEWATER TREATMENT."

The District presently contains approximately 372 acres of land located approximately 30 miles north of downtown Houston, Texas. The District is bounded on the east by U.S. Highway 59, on the north by New Caney Municipal Utility District ("New Caney MUD,") which also overlaps the District), on the west by White Oak Creek, and on the south by Valley Ranch Municipal Utility District No 1. See "AERIAL PHOTOGRAPH" herein.

Status of Development

The Developers have financed the design and construction of internal utilities and road facilities to serve approximately 205 acres of land in the District, including approximately 183 acres developed as commercial reserves and approximately 22 acres developed for multifamily use. The District also has approximately 35 acres of easements and rights-of-way, approximately 40 undevelopable acres in the 100-year floodplain, and approximately 92 acres of developable land which have not been provided with water distribution, wastewater treatment, storm drainage facilities, and roads.

Approximately 75 acres of land in the District have been developed as Valley Ranch Town Center (the "Town Center"), an approximately 991,000 square foot retail, single story facility owned by the Developers, as defined below, with attached and stand-alone retail stores. Each store is individually operated, and each tenant is responsible for paying the personal property taxes attributable to such store. The Town Center includes the following stores: Academy (a 63,847 square foot sporting goods store), Kroger grocery store and fuel station (a 121,621 square foot grocery store), Burlington (a 40,000 square foot retail store), Target (a 134,990 square foot retail store), Hobby Lobby (a 55,000 square foot retail store), TJ Maxx (a 21,000 square foot retail store), Ross (a 22,000 square foot retail store), PetSmart (a 18,359 square foot pet store), Cinemark movie theatre (a 38,291 square foot building), Supercuts, Nails of America #1, Sally Beauty, GNC, Lin's China Diner, Shogun, Signorelli Office (totaling approximately 15,967 square feet), Bath & Body Works storage, James Avery (totaling approximately 3,911 square feet), Chili's Grill and Bar, Whataburger, MOD Pizza, Smoothie King, My Eyelab, T-Mobile, Mattress Firm, Schlotzsky's, Level T, Crumbl Cookies, Grab N Go Tacos, Freddy's Frozen Custard (totaling approximately 33,972 square feet), Regions Bank, Panda Express, Menchie's Frozen Yogurt, The Joint Chiropractic, Sport Clips, Ideal Dental, Five Guys, UPS Store, Gadget MD, AT&T (totaling approximately 20,803 square feet), Toasted Yolk Café, Bank of America, Chick-Fil-A, Taco Bell (totaling approximately 18,576 square feet), HomeGoods, Victoria's Secret, Dermani Medspa, Memorial Hermann Medical Group, HotWorx, Batteries Plus, Edward Jones (totaling approximately 41,814 square feet), Russo's Pizzeria, Yummy Tummy Bakery, Carter's, Bath & Body Works, America's Best Optical, Ulta Beauty (totaling approximately 26,080 square feet), Rack Room Sales, Five Below, Popshelf (totaling approximately 25,513 square feet), Chipotle Mexican Grill, Sherwin-Williams, Buffalo Wild Wings, Tune Up – The Many Salon, Airi Poke & Ramen, Nails of America #2, Verizon (totaling approximately 22,950 square feet), Gringo's Mexican Kitchen, Olive Garden, Dave's Hot Chicken, Jersey Mike's Subs, Aspen Dental, LensCrafters, Nothing Bundt Cakes (totaling approximately 30,116 square feet), Pacific Dental, Waxing The City, Salata, The Good Feet Store, Community Resource Credit Union, Mister Car Wash (totaling approximately 13,868 square feet), Rogers Premium Salon Suites (totaling approximately 14,250 square feet), DaVita, F45 Training, Marble Slap Creamery & Great American Cookie, State Farm, Thrive Mortgage, Unique Kids Pediatric Dentistry, Kung Fu Tea, Tesla Supercharger (totaling approximately 20,260 square feet), Saltgrass, Raising Canes, Care Now Urgent Care, Valvoline (totaling approximately 18,090 square feet), Chuy's (totaling approximately 5,412 square feet). A Party City, (totaling approximately 12,000 square feet) has filed bankruptcy, closed and still continues to pay rent. An approximately 130,000 square foot building is owned by The Signorelli Company; 25,000 square feet have been leased to the liquor store Goody Goody, 46,000 square feet have been leased to LUMOS entertainment, which is in buildout and will open in the second half of 2025, and contracts are in negotiation for lease of another 50,000 square feet of space. Approximately 85,000 square feet in the Town Center are vacant and being marketed for lease.

The Developers have entered into a lease with each tenant. While the terms of each lease differ, most of the leases are for ten to twenty-year terms. Most of the leases are triple net leases, but a few (including the Kroger grocery store) are ground leases.

In addition to the commercial development, The Pointe Valley Ranch Town Center LLC, an affiliate of the Developers, constructed a 336-unit multi-family development on approximately 15 acres in the District, which is currently operating at 92% leased capacity.

Utility Agreement with New Caney Municipal Utility District

The District entered into a utility agreement (the "Agreement") with New Caney MUD on September 21, 2017. Pursuant to the Agreement, New Caney MUD dissolved the New Caney MUD defined area that previously existed over the land included in the District, and agreed that it will not levy a defined area ad valorem property tax in the future. New Caney MUD is responsible for the design, financing, and construction of all water wells, water and wastewater plants, and related facilities and all transmission and collection lines and mains necessary to transmit water to, and to take wastewater from, the District's boundaries (the "Capacity Facilities"). New Caney MUD agrees to provide the District with sufficient water and wastewater capacity to the District as development progresses.

The District is responsible for the design, financing, and construction of all internal water and wastewater facilities (other than Capacity Facilities), detention and drainage facilities, park and recreational facilities, and roads that primarily serve the area within the District's boundaries. Consequently, the District is responsible for reimbursing the Developers for existing facilities constructed by the Developers on behalf of the District. Upon completion of construction, the District conveys all internal water and wastewater facilities to New Caney MUD for operation and maintenance. The District remains responsible for the operation and maintenance of the District's completed detention and drainage and park and recreational facilities. Upon acceptance, Montgomery County becomes responsible for the operation and maintenance of completed roads that serve the District.

New Caney MUD is responsible for providing water and wastewater service to all users in the District. New Caney MUD must charge users in the District the same water and sewer rates charged to similar users in New Caney MUD. All revenue derived from these charges belongs to New Caney MUD.

The term of the Agreement is 30 years.

Road Improvements Agreement with Montgomery County

The District and Montgomery County, through the initial funding by The Signorelli Company and its affiliates, agreed to share in certain road improvements (the "Project") to serve the District. The District entered into an Agreement for the Financing and Construction of Road Improvements with Montgomery County, Texas (the "County") on December 18, 2018 (the "Road Agreement"). The Project applicable to the Road Agreement consists of the final two lanes of Valley Ranch Parkway to FM 1314, collector roads and associated utilities to support Valley Ranch Town Center West, a traffic signal at Valley Ranch Parkway and Valley Ranch Bend, a traffic signal at Valley Ranch Parkway and Azalea Boulevard, the expansion of Azalea Boulevard to four lanes, collector roads and associated utilities to support the Valley Ranch Medical District, a bridge and loop road connecting Valley Ranch Bend to the Grand Parkway, collector roads and associated utilities to support the Valley Ranch Commerce District, and a second loop road connecting Valley Ranch Bend and the Grand Parkway. As the Project is completed, Montgomery County will accept ownership and maintenance of the Project in the same manner and to the same extent that it owns and maintains Montgomery County roads and related road facilities in other unincorporated areas of Montgomery County. The District retains the right, at its sole option and expense, to maintain certain enhancements associated with the Project such as drainage improvements, upgraded crosswalks and intersections, pedestrian improvements, enhanced landscaping, lighting and irrigation, and any enhancements required by any applicable storm water management guidelines or criteria of the County.

To reimburse the District for the County's share of the cost of the Project (the "Project Costs"), the County agreed to pay the District an annual payment (the "Annual Payment") equal to a portion of the ad valorem taxes levied and collected by the County on the assessed valuation of the real property and improvements within an economic impact zone that includes the District, Valley Ranch Municipal Utility District No. 1, and Valley Ranch Medical Center Management District (the "Economic Impact Zone"). The Annual Payment is the sum of money payable by the County to the District each year, based upon the County's tax rates and assessed values for the immediately preceding year, equal to the result of the formula on the next page:

[(County's Total Ad Valorem Tax Rate) – (County's Debt Service Tax Rate)] x

[90% per $100 of Assessed Value] x [Taxable Value Increase].

For this purpose, "Taxable Value Increase" means the total Assessed Value of all taxable real property located within the Economic Impact Area for the current year less the Base Value, "Assessed Value" means the assessed value of the applicable real property as established by the Montgomery Central Appraisal District, and "Base Value" means the non-homestead appraised value of real property within the Economic Impact Area as of January 1, 2018, which is $300,407,898.

The Road Agreement provides that the Annual Payment begins no sooner than August 31, 2020 and will continue each year thereafter until the earliest of the following occurs: (i) all of the Project Costs have been paid in full, (ii) the reimbursement cap of $21,000,000 has been reached, or (iii) December 18, 2048. Notwithstanding the foregoing, the County is not required to make any Annual Payment unless and until Project Costs are actually expended or incurred, and the County's obligation to make Annual Payments is further expressly conditioned upon the completion of the Project by December 31, 2029. The County may prepay its obligation (in whole or in part) under the Road Agreement at any time without penalty.

The District may use the Annual Payments only to: (a) fund Project Costs, (b) reimburse developers for Project Costs expenditures, and/or (c) pay debt service on bonds issued to finance the Project. The Annual Payments are not pledged to the payment of the interest on or principal of the District's bonds, including the Bonds. See "THE BONDS – Source of and Security for Payment."

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, who have control over and management supervision of all affairs of the District. The Directors are appointed by the Commission and serve four-year staggered terms.

The Directors of the District are listed below:

Name	District Board Title	Term Expires	
Temple Brown	President	June-2025	*
Melissa Fitzgerald	Vice President	June-2027	
Jason Tramonte	Secretary	June-2025	*
Christine Cagle	Assistant Secretary	June-2027	
John Edwards	Assistant Vice President	June-2025	*

* The District has submitted a petition to the Commission for reappointment.

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

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Montgomery Central Appraisal District (the “Appraisal District”). The District’s Tax Assessor/Collector is appointed by the Board of Directors of the District. Utility Tax Service, LLC is currently serving in this capacity for the District.

Bookkeeper

The District has engaged District Data Services, Inc. to serve as the District’s bookkeeper.

System Operator

The District contracts with Inframark, LLC for maintenance and operation of the District’s storm water drainage facilities. New Caney MUD owns and operates the water and sanitary sewer facilities serving the District. See “THE DISTRICT – Utility Agreement with New Caney Municipal Utility District.”

Engineer

The consulting engineer for the District in connection with the design and construction of the District’s facilities is GFT, Inc., (the “Engineer”).

Attorney

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

Financial Advisor

Post Oak Municipal Advisors LLC (the “Financial Advisor”) serves as Financial Advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

Auditor

As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The District's financial statements for the fiscal year ended June 30, 2024, have been audited by McGrath & Co., PLLC. See "APPENDIX B" for a copy of the District's June 30, 2024, audited financial statements.

THE DEVELOPERS

Role of a Developer

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

The Developers

The land in the District is being developed by Valley Ranch Town Center Holdings Ltd. (formerly known as Valley Ranch Town Center, Ltd.), Valley Ranch Town Center One, Ltd., and Valley Ranch Town Center Two, Ltd., all Texas limited partnerships (collectively, the "Developers") formed for the sole purpose of owning and developing the land in the District. The general partner of Valley Ranch Town Center Holdings Ltd. is Valley Ranch Town Center Holdings Operating Company, LLC, a Texas limited liability company. The general partner of Valley Ranch Town Center One, Ltd. is Valley Ranch Town Center One Operating Company, LLC, a Texas limited liability company. The general partner of Valley Ranch Town Center Two, Ltd. is Valley Ranch Town Center Two Operating Company, LLC, a Texas limited liability company. The Developers and their general partners were formed by, and partnership interests in the Developers are owned by, The Signorelli Company and its principals and affiliates.

The Signorelli Company is a privately owned real estate development company founded in 1994 by Daniel Signorelli. Neither The Signorelli Company nor any of its principals or affiliates is obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by the Developers, or to pay any other obligations of the Developers.

The Developers have developed and own Valley Ranch Town Center One and Two, the 650,000 square foot retail, single story facility located in the District. In addition, significant improvements have been constructed within the District by The Pointe Valley Ranch Town Center LLC and Valley Ranch Town Center Three LLC, both of which are affiliates of the Developers. The Pointe Valley Ranch Town Center LLC has constructed the 336-unit multi-family development, which was completed in 2020 and is currently operating at 92% leased capacity. Valley Ranch Town Center Holdings, Ltd. Continues to own approximately 92 acres of developable land within the District.

Acquisition and Development Financing

To obtain land acquisition and development financing for Valley Ranch Town Center One, Valley Ranch Town Center One, Ltd. entered into a loan agreement with American National Insurance Company. Pursuant to such loan agreement, Valley Ranch Town Center One, Ltd. may obtain advances for the installation of roads and utilities within the District in an amount not to exceed $56,640,000 in the aggregate. Advances under such loan agreement are subject to a deed of trust on Valley Ranch Town Center One, Ltd.'s land within the District. Pursuant to such loan agreement, the note payable to American National Insurance Company has a maturity date of January 1, 2032. As of April 30, 2025 the outstanding balance on the note was $51,003,764.

To obtain land acquisition and development financing for Valley Ranch Town Center Two, Valley Ranch Town Center Two, Ltd. entered into a loan agreement with Frost Bank. Pursuant to such loan agreement, Valley Ranch Town Center

Two, Ltd. may obtain advances for the installation of roads and utilities within the District in an amount not to exceed $60,000,000 in the aggregate. Advances under such loan agreement are subject to a deed of trust on Valley Ranch Town Center Two, Ltd.'s land within the District and are guaranteed by Signorelli Holdings, Ltd. In addition, payment of the note is secured by a security interest in reimbursements due to Valley Ranch Town Center Two, Ltd. as a result of the Valley Ranch Town Center Two, Ltd.'s advances to the District. Pursuant to such loan agreement, the note payable to Frost Bank has a maturity date of August 23, 2030. As of April 30, 2025 the outstanding balance on the note was $59,215,544.

To obtain land acquisition and development financing for the commercial development in the District, Valley Ranch Town Center Five LLC, an affiliate of the Developers, entered into a loan agreement with One America, the balance of which as of April 30, 2025 totals $4,847,071. The loan agreement is subject to a deed of trust on Valley Ranch Town Center Five LLC land within the District. Pursuant to such loan agreement, the note payable to One America has a maturity date of December 1, 2033.

To obtain permanent financing for the multifamily development in the District, The Pointe Valley Ranch Town Center LLC, an affiliate of the Developers, entered into a loan agreement with Freddie Mac, the balance of which as of April 30, 2025, totals $46,261,000. The loan agreement is subject to a deed of trust on The Pointe Valley Ranch Town Center LLC land within the District. Pursuant to such loan agreement, the note payable to Freddie Mac has a maturity date of September 20, 2031.

To obtain land acquisition and development financing for the commercial development in the District, Valley Ranch Town Centre Three LLC and VR Town Center IV LLC, affiliates of the Developers, entered into a loan agreement with Frost Bank. Pursuant to such loan agreement, Valley Ranch Town Centre Three LLC and VR Town Center IV LLC may obtain advances for the installation of roads and utilities within the District in an amount not to exceed $30,300,000 in the aggregate. Advances under such loan agreement are subject to a deed of trust on Valley Ranch Town Centre Three LLC and VR Town Center IV LLC land within the District and are guaranteed by Signorelli Holdings, Ltd. Pursuant to such loan agreement, the note payable to Allegiance Bank had a maturity date of August 23, 2030. As of April 30, 2025 the outstanding loan balance on the note was $14,375,845.

For more information concerning the Developers, see "APPENDIX A—Financial Information Concerning the Developers." The Developers are not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of the Developers' financial statements and description of its financial arrangements herein should not be construed as an implication to that effect. The Developers have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time. Further, the Developers' financial condition is subject to change at any time. See "RISK FACTORS."

THE ROAD SYSTEM

Three major roads, Valley Ranch Parkway, Market Street and Valley Ranch Boulevard, currently exist within the District's boundaries. All roadways have been accepted for ownership, operation, and maintenance by Montgomery County.

These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are also located within the right-of-way. The right-of-way is also shared by street lights, sidewalks and franchise utilities (power, gas, telephone and cable).

WATER SUPPLY AND WASTEWATER TREATMENT

Regulation

Construction and operation of the water and wastewater system serving the District (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The Commission exercises continuing, supervisory authority over the District. New Caney MUD's discharge of treated sewage into Texas waters is also subject to the regulatory authority of the Commission and the United States Environmental Protection Agency. The City of Houston and the Texas Department of Health also exercise regulatory jurisdiction over the water and wastewater system serving the District. See "RISK FACTORS—Environmental Regulations."

Water Supply and Wastewater Treatment

Under the Utility Agreement with New Caney MUD, the District receives potable water supply from New Caney MUD. New Caney MUD agrees to provide adequate water supply to all connections in the District. The District receives potable water from New Caney MUD's water facilities which include three water wells, ground storage tanks, hydropneumatic tanks, and booster pumps.

Sewage treatment is provided by New Caney MUD's 2,000,000 gallon per day wastewater treatment plant. According to the District's Engineer, New Caney MUD has adequate capacity to serve all connections in the District. See "THE DISTRICT— Utility Agreement with New Caney Municipal Utility District."

Ownership and Operations

The District (or the Developers on behalf of the District) finances and constructs the internal water and wastewater facilities and thereafter conveys such facilities to New Caney MUD upon completion. The System is owned, maintained, and operated by New Caney MUD, and New Caney MUD charges and collects the fees associated with the System. The District receives no revenues from the operation of the System; funds for the administration of the District are available from maintenance tax revenue. See "THE DISTRICT—Utility Agreement with New Caney Municipal Utility District."

Conservation District Requirements

New Caney MUD and the District are within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District") which was created by the Texas legislature in 2001. The Conservation District was created to conserve, enhance, and protect the groundwater resources of Montgomery County. In the future, it is expected that the Conservation District will require a partial conversion to surface water. The Conservation District bills New Caney MUD for water pumped by New Caney MUD from its wells. The current fee per 1,000 gallons is billed to and passed on to users in the District by New Caney MUD. The amount billed is subject to future increases. Because the District is served by New Caney MUD with potable water supply, the District has no potable water well subject to regulation by the Conservation District.

In response to the Conservation District requirements, the San Jacinto River Authority ("SJRA") expressed a willingness to assume responsibility to construct and operate a surface water treatment plant at Lake Conroe and a water transmission system to major populated areas of Montgomery County, thus enabling the entire county to comply with the Conservation District requirements.

SJRA offered to enter into a contract for groundwater reduction planning, alternative water supply, and related goods and services (the "GRP Contract") with all large water users in Montgomery County to achieve the goals for reduction of groundwater pumpage for the entire county. Approximately 81 larger volume water users in Montgomery County, including New Caney MUD, approved and entered into the GRP Contract (collectively, the "Participants") and are in compliance with SJRA and Conservation District requirements applicable to groundwater pumpage from New Caney MUD's wells. Pursuant to the GRP Contract, SJRA has developed, implemented, and is enforcing a groundwater reduction plan ("GRP") covering all Participants to achieve and maintain compliance with the Conservation District requirements. The initial phase of the GRP was to design and construct a surface water treatment plant at Lake Conroe Dam and a water transmission system (the "Project") to be owned and operated by SJRA for the benefit of all Participants. The first phase of the SJRA surface water treatment plant began delivering surface water to GRP Participants September 1, 2015.

The SJRA designed, permitted, financed, and constructed the Project, and will own, operate, and maintain the Project. The Project will be constructed in phases. A group compliance approach will be utilized. Certain large volume Participants may be wholly converted to treated surface water while other Participants may continue to use groundwater. This approach is expected to minimize overall Project cost, equalize costs for Participants, and avoid geographic advantages and disadvantages.

All Participants are paying a monthly groundwater pumpage fee for groundwater pumped from wells. The pumpage fee has been set so that Participants are neither benefitted nor penalized for utilizing groundwater, and allowances will be made for Participant costs of operating and maintaining their wells.

Participants that receive treated surface water from the Project are paying the prevailing rate for water, which has been set so the Participants are neither benefitted nor penalized for being required to take water from the Project under the GRP, and allowances have been made for Participant costs of operating on-site water facilities, as well as operating and maintaining their wells. The pumpage fees and water service fees received from the Project will be comparable, so that all Participants are paying equivalent charges without preference for customers within or outside the areas converted to surface water. SJRA is issuing bonds to finance the capital costs of the Project, and groundwater pumpage fees and water service fees will be used to cover costs of debt service on the bonds. The SJRA charges pumpage fees per 1,000 gallons of water pumped from New Caney MUD's wells. The amount billed is subject to future increases. New Caney MUD passes these pumpage fees and Conservation District fees on to its customers, including customers located in the District.

New Caney MUD will not receive water from the first phase of the Project, but will instead continue to pay pumpage fees and Conservation District fees for the indefinite future. The SJRA pumpage fees will increase as costs of the Project are incurred, but the District is unable to predict the magnitude or timing of such increases.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. According to the District's Engineer, none of the developable acreage within the District is located within the 100-year flood plain. Approximately 40 acres of undevelopable land within the District lie within the 100-year flood plain, but there are no plans to develop such land. Additionally, the District's storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location. See "RISK FACTORS – Severe Weather."

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

Drainage

The drainage system improvements to serve the District's development consist of concrete curb and gutter, inlets, a concrete storm sewer system, and a conveyance channel. All of the District drains directly into White Oak Creek through the storm sewer system and/or the conveyance channel. Pursuant to a study approved by the City of Houston and Montgomery County, the two reviewing agencies for drainage in the District, detention is not required for development in the District. The drainage system was designed per applicable City of Houston and Montgomery County criteria. The District is responsible for the operation and maintenance of the District's drainage facilities.

Future Debt

The Developers have financed or are financing the engineering and construction costs of underground utilities to serve District improvements, as well as certain other District improvements, including road facilities and parks and recreational facilities. After receiving proceeds from the sale of the Bonds, the Developers will have expended approximately $3,129,967 for design, construction and acquisition of such facilities for which they will not have been reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developers for these costs to the extent allowed by the Commission, if applicable. Additionally, the District presently contains approximately 92 acres of developable land not presently fully served with water distribution, wastewater collection and storm drainage facilities or road facilities. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage and to finance park and recreational facilities. The District makes no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued unlimited tax bonds will be adequate, under present land use projections, to finance such improvements. See "THE BONDS—Issuance of Additional Debt" and "RISK FACTORS—Future Debt."

USE AND DISTRIBUTION OF BOND PROCEEDS

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, $1,431,381 is estimated for construction costs, $429,749 is estimated for non-construction costs, and $193,870 is estimated for issuance costs and fees. [(a)]

I. CONSTRUCTION COSTS		
1) West Market Street and Town Park Lane - W, WW & D	$	1,734,795
2) East Market Street - W, WW, & D		478,667
3) Engineering, Testing and Storm Water Pollution Prevention		317,919
Gross Construction Cost	**$**	**2,531,381**
Less District Surplus Funds	**$**	**(1,100,000)**
Net Construction Costs	**$**	**1,431,381**
II. NON-CONSTRUCTION COSTS		
• Developer Interest	$	368,099
• Bond Discount(3.00%)		61,650
Total Non-Construction Costs	**$**	**429,749**
III. ISSUANCE COSTS AND FEES		
• Legal Fees	$	61,650
• Fiscal Agent Fees		41,100
• Bond Issuance Expenses		43,927
• Bond Application Report Costs		40,000
• Attorney General Fee (0.10% or $9,500 max)		2,055
• TCEQ Bond Issuance Fee (0.25%)		5,138
Total Issuance Cost and Fees	**$**	**193,870**
TOTAL BOND ISSUE	**$**	**2,055,000**

(a) In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the Commission. In the event actual costs exceed previously approved estimated amounts and contingencies, additional Commission approval and the issuance of additional bonds may be required.
(b) Includes $1,100,000 of surplus operating funds to be applied towards the projects to be financed by the Bonds.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
5/6/2017	Water, Sewer & Drainage & Refunding	$44,250,000	$8,840,000 *	$35,410,000
5/6/2017	Parks & Rec & Refunding	$40,750,000	$0	$40,750,000
5/6/2017	Road & Refunding	$63,750,000	$14,985,000	$48,765,000

* Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2024 Certified Taxable Assessed Valuation……	$219,518,577 (a)
District Debt:	
Outstanding Bonds (as of May 14, 2025)……	$17,915,000
The Bonds……	2,055,000
Gross Debt Outstanding (after issuance of the Bonds)……	$19,970,000
Ratio of Gross Debt to 2024 Certified Taxable Assessed Valuation……	9.10%

Area of District: 372 acres

(a) As certified by the Montgomery County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."

Cash and Investment Balances (unaudited as of May 14, 2025)

Operating Fund	Cash and Temporary Investments	$3,079,750 (a)
WS&D Capital Projects Fund	Cash and Temporary Investments	$594
WS&D Debt Service Fund	Cash and Temporary Investments	$675,217 (b)
Road Capital Projects Fund	Cash and Temporary Investments	$1,539,158
Road Debt Service Fund	Cash and Temporary Investments	$2,270,636 (b)

(a) $1,100,000 of such balance will be applied to the projects financed by the Bonds at closing. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(b) Accrued interest on the Bonds will be deposited to the Water, Sewer and Drainage Debt Service Fund at closing. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for water, sanitary sewer, drainage and storm sewer facilities, including the Bonds (the "Water, Sewer and Drainage Bonds") and a portion will be allocated to bonds sold for road facilities (the "Road Bonds"). See "FINANCIAL STATEMENT (UNAUDITED) – Outstanding Bonds." The Water, Sewer and Drainage Debt Service Fund is not pledged to the Road Bonds and the Road Debt Service Fund is not pledge to the Water, Sewer and Drainage Bonds.

Outstanding Bonds

Series		Original Principal Amount	Principal Amount Outstanding as of May 14, 2025
2018	(a)	$5,520,000	$4,715,000
2019		$5,300,000	$4,670,000
2019A	(a)	$4,225,000	$3,740,000
2020		$1,485,000	$1,365,000
2021	(a)	$1,135,000	$1,050,000
2022	(a)	$4,105,000	$2,375,000
			$17,915,000

(a) Unlimited Tax Road Bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Lone Star College System……………………	$471,270,000	04/30/25	0.07%	$ 329,889
Montgomery County……………………….	391,910,000	04/30/25	0.21%	823,011
New Caney ISD……………………………...	893,050,000	04/30/25	2.50%	22,326,250
New Caney MUD…………………………...	73,013,524	04/30/25	24.55%	17,924,820
Total Estimated Overlapping Debt………..				$ 41,403,970
The District…………………………………….	19,970,000 (a)	Current	100.00%	19,970,000
Total Direct and Estimated Overlapping Debt……………………………………………………………….				$ 61,373,970
Ratio of Total Direct and Estimated Overlapping Debt to:				
2024 Certified Taxable Assessed Valuation………………………………………………………………				27.96%

(a) Includes the Bonds.

Overlapping Tax Rates for 2024

	2024 Tax Rate per $100 of Taxable Assessed Valuation
Lone Star College System……………………………………………..	$ 0.1076
Montgomery County…………………………………………………..	0.3790
New Caney ISD……………………………………………………….	1.2552
New Caney MUD……………………………………………………..	0.4250
Total Overlapping Tax Rate…………………………………………	$ 2.1668
The District……………………………………………………………	1.0750
Total Tax Rate…………………………………………………………	$ 3.2418

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TAX DATA

Tax Collections

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

Tax Year	Net Certified Taxable Valuation	Tax Rate	Total Tax Levy	Total Collections As of April 30, 2025 Amount	Percent
2020	160,126,338	1.000	1,601,263	1,601,010	99.98%
2021	161,391,824	1.035	1,670,405	1,670,105	99.98%
2022	182,653,390	1.125	2,054,851	2,052,970	99.91%
2023	190,748,639	1.125	2,145,922	2,145,221	99.97%
2024	219,518,577	1.075	2,359,825	2,209,459	93.63%

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. No split payments are allowed and no discounts are allowed.

Tax Rate Distribution

	2024	2023	2022	2021	2020
Road Debt Service	$0.290	$0.510	$0.580	$0.425	$0.385
WS&D Debt Service	0.280	0.210	0.240	0.290	0.340
Maintenance and Operations	0.505	0.405	0.305	0.320	0.275
Total	$1.075	$1.125	$1.125	$1.035	$1.000

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount)
Maintenance and Operations: $1.50 per $100 of taxable assessed valuation.
Road Maintenance: $0.25 per $100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a total debt service tax for 2024 in the amount of $0.570 per $100 of taxable assessed valuation of which $0.290 is allocated to debt service on Road Bonds and $0.280 is allocated to debt service on Water, Sewer and Drainage Bonds. See "Tax Rate Distribution" herein.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. Pursuant to an election held on May 6, 2017 the Board was authorized to levy a maintenance tax in an amount not to exceed $1.50 per $100 of taxable assessed valuation and a road maintenance tax limited to $0.25 per $100 of assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. The District levied a maintenance and operations tax for 2024 in the amount of $0.505 per $100 of taxable assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, 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 Property Tax Code.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2024 certified tax rolls, which reflect ownership at January 1, 2024.

Taxpayer	Type of Property	2024 Certified Assessed Valuation	% of 2024 Certified Assessed Valuation
Valley Ranch Town Center Two Ltd. (a)	Land & Improvements	$52,056,824	23.71%
The Pointe Valley Ranch Town Center LLC (b)	Apartments	50,000,000	22.78%
Valley Ranch Town Center Holdings, Ltd.(a)	Land & Improvements	37,812,720	17.23%
Valley Ranch Town Center One Ltd. (a)	Land & Improvements	24,493,132	11.16%
Valley Ranch Town Center Five (b)	Land & Improvements	7,715,082	3.51%
Valley Ranch Town Centre Three LLC (b)	Land & Improvements	6,525,004	2.97%
Kroger	Personal Property	4,852,453	2.21%
VR Town Center IV LLC (b)	Land & Improvements	4,838,000	2.20%
Academy Ltd.	Personal Property	1,681,310	0.77%
A-S 96 Hwy 59 North Grand Parkway LP	Land	1,565,200	0.71%
Total for Principal Taxpayers		$ 191,539,725	87.25%

(a) See "THE DEVELOPERS."
(b) These entities are affiliates of the Developers.

Summary of Assessed Valuation

The following is a summary of the 2024, 2023, 2022, 2021 and 2020 certified assessed valuations that were provided by the District's Tax Assessor/Collector based on information contained in the 2024, 2023, 2022, 2021 and 2020 tax rolls of the District. Information in this summary may differ slightly from the assessed valuations shown herein due to differences in dates of data.

	2024	2023	2022	2021	2020
Land	$56,451,564	$54,857,030	$52,198,500	$50,942,540	$48,930,910
Improvements	139,858,815	114,136,710	111,402,960	91,107,170	88,940,990
Personal Property	29,113,158	21,755,279	19,052,981	19,313,554	22,254,728
Exempt Property	(5,904,960) (a)	(380)	(1,051)	(440)	(290)
Total Assessed Valuation	$219,518,577	$190,748,639	$182,653,390	$161,391,824	$160,126,338

(a) Includes the "Circuit Breaker Cap" limitation on properties with a net appraised value of $5,000,000 or less, which went into effect in 2024.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2024 Certified Taxable Assessed Valuation no use of available funds and utilize tax rates necessary to pay the District's projected average and projected maximum annual debt service requirements on the Bonds.

Projected average annual debt service requirement (2025-2050)…………………………………………	$1,120,058
$0.54 tax rate on the 2024 Certified Taxable Assessed Valuation of $219,518,577 at a 95% collection rate produces……………………………………………………	$1,126,130
Projected maximum annual debt service requirement (2039)……………………………………………	$1,509,070
$0.73 tax rate on the 2024 Certified Taxable Assessed Valuation of $219,518,577 at a 95% collection rate produces……………………………………………………	$1,522,361

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “RISK FACTORS—Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under “THE BONDS—Source of 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 and for the payment of certain contractual obligations. See “TAX DATA.”

Property Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by 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; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons 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 would be required to call such an election upon petition by twenty percent (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, of between $5,000 and $12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if 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, 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. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

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

Tax Abatement

Montgomery County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Montgomery County, the District, and the City of Houston (if it were to annex the District), under certain circumstances, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the applicable Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the applicable Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to a cumulative 10 percent annual increase regardless of the market value of the property.

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

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

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues 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. For the 2025 tax year, the District is classified as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2024." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

Tax Payment Installments after Disaster

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

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

Tax Exemption Provided to Public Facility Corporations and Certain Lessees

Chapter 392 of the Texas Local Government Code authorizes a housing authority to exempt certain property from all taxes and special assessments of a political subdivision, including a municipal utility district, if certain conditions are met and Chapter 303 of the Texas Local Government Code (the "PFC Act") authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. The 88th Texas Legislature passed H.B. 2071, which became effective June 18, 2023, to amend the PFC Act. H.B. 2071 significantly revised the PFC Act's requirements for the lessee of a multifamily residential development to qualify for this exemption and provides that the exemption for such projects does not apply to taxes imposed by a conservation and reclamation district providing water, sewer or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H.B. 2071 are governed by the prior law and are not subject to the same requirements. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

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GENERAL FUND

General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Surplus revenues, if any, of the District's general fund are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. The District is provided water and sewer service by the New Caney MUD, as described in "WATER SUPPLY AND WASTEWATER TREATMENT." Consequently, the District's general fund is used primarily for administrative expenses of the District. It is not anticipated that any significant fund revenues will be available for the payment of debt service.

General Fund Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statement for years ended June 30, 2024, 2023, 2022, 2021 and from the District's bookkeeper for the ten-month period ended April 30, 2025. Reference is made to such records and statements for further and more complete information.

	Fiscal Year Ended June 30				
	7/1/2025 to 4/30/2025 [(a)]	**2024**	**2023**	**2022**	**2021**
Revenues:					
Property taxes	$ 1,038,330	$ 760,722	$ 553,986	$ 517,187	$ 446,428
Miscellaneous	3,939	-	-	-	2,075
Investment earnings	93,335	93,664	49,308	2,481	519
Total Revenues	$ 1,135,604	$ 854,386	$ 603,294	$ 519,668	$ 449,022
Expenditures:					
Operating and Admin.					
Professional fees	$ 170,861	$ 106,613	$ 104,229	$ 110,924	$ 94,852
Contracted services	14,503	17,147	15,033	15,427	13,292
Repairs and maintenance	-	29,801	49,418	10,669	15,006
Administrative	13,327	14,612	12,521	12,572	11,624
Other	11,713	10,075	1,025	10,206	3,269
Capital Outlay	-	-	246,413	-	-
Total Expenditures	$ 210,404	$ 178,248	$ 428,639	$ 159,798	$ 138,043
Excess (Deficiency) of Revenues					
Over Expenditures	$ 925,201	$ 676,138	$ 174,655	$ 359,870	$ 310,979
Other Financing Sources (Uses)					
Developer Advances	-				
Internal Transfers	-	-	-	$ 65,188	$ 9,554
Beginning Fund Balance	$ 2,154,728	$ 1,478,590	$ 1,303,935	$ 878,877	$ 558,344
Ending Fund Balance	$ 3,079,929 [(b)]	$ 2,154,728	$ 1,478,590	$ 1,303,935	$ 878,877

(a) Unaudited. Provided by the District's bookkeeper.

(b) Includes $1,100,000 of surplus funds to be applied towards the projects to be financed by the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and the projected debt service requirements for the Bonds at an assumed interest rate of 5.00% per annum.

Year	Outstanding Debt Service	Debt Service on the Bonds: Principal	Interest	Total	Total Debt Service
2025	$ 1,274,161	$ -	$ 25,688	$ 25,688	$ 1,299,849
2026	1,245,301	45,000	102,750	147,750	1,393,051
2027	1,255,406	45,000	100,500	145,500	1,400,906
2028	1,258,996	50,000	98,250	148,250	1,407,246
2029	1,266,455	50,000	95,750	145,750	1,412,205
2030	1,283,463	50,000	93,250	143,250	1,426,713
2031	1,288,090	55,000	90,750	145,750	1,433,840
2032	1,296,475	55,000	88,000	143,000	1,439,475
2033	1,307,886	60,000	85,250	145,250	1,453,136
2034	1,312,678	65,000	82,250	147,250	1,459,928
2035	1,320,643	65,000	79,000	144,000	1,464,643
2036	1,326,984	70,000	75,750	145,750	1,472,734
2037	1,341,593	75,000	72,250	147,250	1,488,843
2038	1,343,743	75,000	68,500	143,500	1,487,243
2039	1,364,320	80,000	64,750	144,750	1,509,070
2040	1,357,690	85,000	60,750	145,750	1,503,440
2041	1,169,456	90,000	56,500	146,500	1,315,956
2042	1,191,658	95,000	52,000	147,000	1,338,658
2043	1,191,648	100,000	47,250	147,250	1,338,898
2044	820,100	105,000	42,250	147,250	967,350
2045	166,869	110,000	37,000	147,000	313,869
2046	66,950	115,000	31,500	146,500	213,450
2047		120,000	25,750	145,750	145,750
2048		125,000	19,750	144,750	144,750
2049	-	130,000	13,500	143,500	143,500
2050	-	140,000	7,000	147,000	147,000
Total	$ 25,450,563	$ 2,055,000	$ 1,615,938	$ 3,670,938	$ 29,121,500

Projected Average Annual Debt Service Requirements (2025-2050)……………… $1,120,058

Projected Maximum Annual Debt Service Requirements (2039)…………………… $1,509,070

LEGAL MATTERS

Legal Proceedings

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

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

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TAX MATTERS

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

Tax Exemption

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

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

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

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

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Qualified Tax-Exempt Obligations

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

The District will designate the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2025.

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

Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

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

Tax Accounting Treatment of Original Issue Premium

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

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

Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by _______________ (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of _______% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

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

Securities Laws

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

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made.

An application has been made for municipal bond insurance. If qualified, the purchase of municipal bond insurance is optional and at the expense of the Initial Purchaser. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Post Oak Municipal Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Post Oak Municipal Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

> "THE DISTRICT" – The Developers, GFT, Inc. ("Engineer"), and Records of the District ("Records"); "THE DEVELOPERS" – Developers; "THE SYSTEM" – Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" — Records; "FINANCIAL STATEMENT (UNAUDITED)" — Montgomery Central Appraisal District and Utility Tax Service, LLC, Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" — Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" – Utility Tax Service, LLC; "MANAGEMENT" – Records; "DEBT SERVICE REQUIREMENTS" — Financial Advisor; "THE BONDS," "TAX PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" — Allen Boone Humphries Robinson LLP.

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

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

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

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

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuation, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC and is included herein in reliance upon the authority of such entity as experts in assessing and collecting taxes.

Auditor: As required by the Texas Water Code, the District retains an independent accountant to audit the District's financial statements annually, which audited financial statements are filed with the Commission. The District's financial statements for the fiscal year ended June 30, 2024, have been audited by McGrath & Co., PLLC. See "APPENDIX B" for a copy of the District's June 30, 2024, audited financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "GENERAL FUND" has been provided by District Data Services, Inc., and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. In addition, the District has agreed to provide information with respect to the Developers, any person or entity to whom the Developers voluntarily assign (except as collateral) the right to receive a payment out of the proceeds from the sale of the bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District will be obligated to provide information concerning the Developers and any such other person or entity only if and so long as (1) such persons own more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such persons have made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such persons are obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District's bonds then outstanding.

The financial information and operating data which will be provided with respect to the District is found under the headings "FINANCIAL STATEMENT (UNAUDITED)," (except under the subheadings "Outstanding Bonds" and "Estimated Overlapping Debt Statement"), "TAX DATA," and in APPENDIX B (the District's Audited Financial

Statements), and with respect to Valley Ranch Town Center Two, Ltd. is found in the APPENDIX A (Financial Information Concerning Valley Ranch Town Center Two, Ltd.). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2025.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution 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 June 30. Accordingly, it must provide updated information by December 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

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

Availability of Information from MSRB

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

Limitations and Amendments

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

The Developers have agreed to provide to the District the information that the District has agreed to provide with respect to the Developers. The Developers have also agreed with the District that they will not assign any of their rights to receive payment from the District out of proceeds of the Bonds (except as collateral), unless the assignee assumes the Developer's agreement to provide such information, but the Developers may sell their property within the District without any such assumption. The District's ability to provide information about the Developers or others, as well as the accuracy and completeness of such information, is completely dependent on such persons' compliance with their contractual agreements with the District.

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

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

MISCELLANEOUS

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

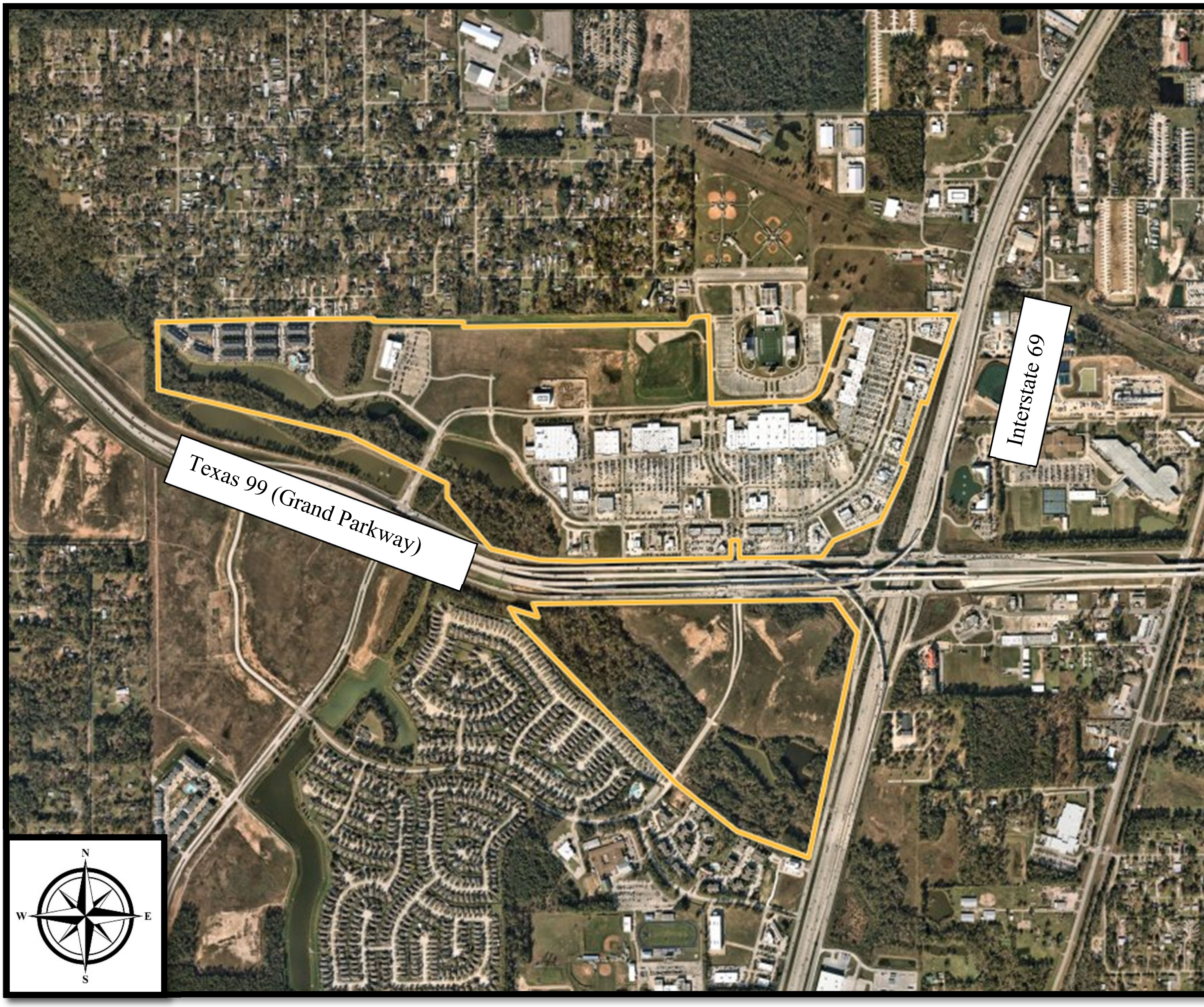
This Official Statement was approved by the Board of Directors of Valley Ranch Town Center Management District, as of the date shown on the cover page.

/s/
President, Board of Directors
Valley Ranch Town Center Management District

ATTEST:

/s/
Secretary, Board of Directors
Valley Ranch Town Center Management District

AERIAL PHOTOGRAPH
(Approximate boundaries of the District as of April 2025)



PHOTOGRAPHS

The following photographs were taken in the District in May 2025, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.


ULTA
BEAUTY
PartyCity
Mister
CAR WASH
SHOGUN
Japanese Grill • Sushi • Bar
Valley Ranch
TOWN CENTER
TOASTED YOLK

ULTA
BEAUTY


HomeGoods
target

Academy
SPORTS+OUTDOORS


T·J·maxx
ROSS
DRESS FOR LESS


Kroger
MARKETPLACE
target
Freddy's
FROZEN CUSTARD &
STEAKBURGERS
Freddy's
FROZEN CUSTARD &
STEAKBURGERS
12007


4TH. FEST
FREEDOM, FUN & FESTIVITIES
4TH. FEST
LIVE MUSIC, FOOD & FIREWORKS


MATTRESS FIRM
T Mobile
Stanton OPTICAL


LENSCRAFTERS
FIRE LANE NO PARKING TOW AWAY ZONE


VICTORIA'S SECRET
VICTORIA'S SECRET
FIRE LANE NO PARKING TOW AWAY ZONE

APPENDIX A

Financial Information Concerning the Valley Ranch Town Center Two, Ltd.

Valley Ranch Town Center Two Ltd. (the "Developer") has delivered the financial information included in this APPENDIX A (the "Financial Information") to the District for publication in connection with the District's offer and sale of the Bonds. The Financial Information has been included herein solely as additional information concerning the financial condition and capability of the Developer. Such Financial Information is relevant, among other reasons, to the Developer's ability to pay taxes on their land within the District, and, if they so choose, to continue to provide utility and other facilities for the development of land within the District. The Developer is not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of the Financial Information herein should not be construed as an implication to that effect. Neither the Developer nor any landowner has any legal commitment to the District or owners of the Bonds to continue development of land within the District and landowners may sell or otherwise dispose of property within the District, or any other assets, at any time. Further, the Developer's financial condition is subject to change, and, except as stated in this Official Statement under the section captioned "CONTINUING DISCLOSURE OF INFORMATION," financial information concerning the Developer will not be provided by the District after the sale of the Bonds. Therefore, the District cautions that the Financial Information should not be construed or interpreted as an indication of the investment security of the Bonds.

The Developer has represented to the District that the Financial Information relating to it has been prepared from its books and records, and fairly presents its financial condition. The Developer has also represented to the District that the Financial Information does not fail to disclose any material fact or omit to state any material facts necessary to make such Financial Information not misleading and that there has not been any material change in the financial condition of the Developer since the date on which the Financial Information is presented.

VALLEY RANCH TOWN CENTER TWO, LTD
FINANCIAL STATEMENTS

AS OF AND FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

1401 Woodlands Pkwy   The Woodlands, TX 77380

VALLEY RANCH TOWN CENTER TWO, LTD

BALANCE SHEET – Unaudited

As of December 31, 2024

Assets		
Cash	$	1,941,798
Prepaid expenses and other assets		723,892
Real estate at fair market value		97,451,116
Total Assets	**$**	**100,116,806**
Liabilities		
Accounts payable & accrued liabilities	$	2,022,821
Affiliate payable		995,544
Notes payable and lines of credit		59,450,252
Total Liabilities		**62,468,617**
Capital		
Capital		37,648,189
Total Capital		**37,648,189**
Total Liabilities & Capital	**$**	**100,116,806**

VALLEY RANCH TOWN CENTER TWO, LTD

INCOME STATEMENT – Unaudited

For the Twelve Months Ended December 31, 2024

Revenue		
Rental operations	$	8,491,049
Total Revenue		**8,491,049**
Cost of Revenue		
Rental operations expense		2,176,760
Total Cost of Revenue		**2,176,760**
Net Operating Income		**6,314,289**
Expenses		
Occupancy expenses, rent & utilities		405,802
Tax expense		73,519
Marketing expenses		11,731
Professional fees & recruiting		153,960
General & administrative expenses		56,136
Total Expenses		**701,147**
EBITDA		**5,613,142**
Interest income		34,445
Interest expense		(3,772,407)
Asset management fees		(82,873)
Other income (expense), net		12,066
Depreciation expense		(1,835,498)
Net Loss	**$**	**(31,125)**

VALLEY RANCH TOWN CENTER TWO, LTD
STATEMENT OF CASH FLOWS – Unaudited
For the Twelve Months Ended December 31, 2024

Operating Activities		
Net Loss	$	(31,125)
Adjustments to reconcile net income		
to net cash from operating activities:		
Depreciation		1,835,498
Changes in operating assets and liabilities:		
Prepaid expenses and other assets		214,335
Accounts payable and accrued liabilities		2,022,857
Affiliate payable		(600,453)
Net cash provided by operating activities		**3,441,112**
Investing Activities		
Investment in real estate		(6,167,920)
Investment in non-real estate fixed assets		15,396
Investments in consolidated entities		4,310,589
Net cash used in investing activities		**(1,841,934)**
Financing Activities		
Proceeds from loans payable		298,989
Principal payments on loans payable		(549,748)
Distributions consolidating entities		(2,850,000)
Net cash used in financing activities		**(3,100,759)**
Net Change in Cash		**(1,501,581)**
Cash at Beginning of Period		3,443,379
Cash at End of Period	**$**	**1,941,798**

APPENDIX B

Independent Auditor’s Report and Financial Statements for the fiscal year ended June 30, 2024.

VALLEY RANCH TOWN CENTER MANAGEMENT DISTRICT

MONTGOMERY COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2024

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McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Valley Ranch Town Center Management District
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Valley Ranch Town Center Management District (the "District"), as of and for the year ended June 30, 2024, 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 Valley Ranch Town Center Management District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
October 9, 2024

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Management’s Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Valley Ranch Town Center Management District (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at June 30, 2024, was negative $15,414,203. The District's net position is negative because the District incurs debt to construct water and wastewater facilities which it conveys to New Caney Municipal Utility District ("New Caney MUD") and public roads which it conveys to Montgomery County. A comparative summary of the District's overall financial position, as of June 30, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	$ 8,131,906	$ 6,703,758
Capital assets	3,321,538	7,402,786
Total assets	11,453,444	14,106,544
Current liabilities	873,171	905,338
Long-term liabilities	25,994,476	26,569,476
Total liabilities	26,867,647	27,474,814
Net position		
Net investment in capital assets	(1,017,868)	2,505,850
Restricted	2,059,643	1,880,581
Unrestricted	(16,455,978)	(17,754,701)
Total net position	$ (15,414,203)	$ (13,368,270)

The total net position of the District decreased during the current fiscal year by $2,045,933. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2024	2023
Revenues		
Property taxes, penalties and interest	$ 2,150,442	$ 2,053,110
Other	883,201	500,258
Total revenues	3,033,643	2,553,368
Expenses		
Operating and administrative	240,146	211,347
Debt interest and fees	720,424	736,028
Depreciation	153,135	135,531
Total expenses	1,113,705	1,082,906
Change in net position before other item	1,919,938	1,470,462
Other item		
Transfers to other governments	(3,965,871)	(1,467,764)
Change in net position	(2,045,933)	2,698
Net position, beginning of year	(13,368,270)	(13,370,968)
Net position, end of year	$ (15,414,203)	$ (13,368,270)

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2024, were $8,061,536, which consists of $2,154,728 in the General Fund, $2,290,221 in the Debt Service Fund, and $3,616,587 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of June 30, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 2,170,348	$ 1,492,176
Total liabilities	$ 12,843	$ 10,722
Total deferred inflows	2,777	2,864
Total fund balance	2,154,728	1,478,590
Total liabilities, deferred inflows and fund balance	$ 2,170,348	$ 1,492,176

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

	2024	2023
Total revenues	$ 854,386	$ 603,294
Total expenditures	(178,248)	(428,639)
Revenues over expenditures	$ 676,138	$ 174,655

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of June 30, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 2,298,845	$ 2,125,265
Total deferred inflows	$ 8,624	$ 9,959
Total fund balance	2,290,221	2,115,306
Total deferred inflows and fund balance	$ 2,298,845	$ 2,125,265

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

	2024	2023
Total revenues	$ 1,491,490	$ 1,558,524
Total expenditures	(1,316,575)	(1,159,322)
Revenues over expenditures	$ 174,915	$ 399,202

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of June 30, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 3,662,713	$ 3,086,317
Total liabilities	$ 46,126	$ 94,932
Total fund balance	3,616,587	2,991,385
Total liabilities and fund balance	$ 3,662,713	$ 3,086,317

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2024	2023
Total revenues	$ 689,188	$ 383,999
Total expenditures	(63,986)	(2,171,349)
Revenues over/(under) expenditures	$ 625,202	$ (1,787,350)

The District did not have significant capital asset activity in the current year. The District's capital asset activity in the prior year was financed with proceeds from the issuance of bonds in previous fiscal years.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $291,078 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at June 30, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land and improvements	$ 497,388	$ 497,388
Construction in progress	82,042	4,631,161
	579,430	5,128,549
Capital assets being depreciated		
Infrastructure	1,595,018	1,110,962
Landscaping improvements	910,787	910,787
Other facilities	1,222,750	1,085,800
	3,728,555	3,107,549
Less accumulated depreciation		
Infrastructure	(180,085)	(144,641)
Landscaping improvements	(427,397)	(370,844)
Other facilities	(378,965)	(317,827)
	(986,447)	(833,312)
Depreciable capital assets, net	2,742,108	2,274,237
Capital assets, net	$ 3,321,538	$ 7,402,786

Capital asset additions during the current year include the following:

- Valley Ranch Bend at White Oak Creek and Grand Parkway - drainage
- Valley Ranch Bend Phase 2 at White Oak Creek and Grand Parkway - drainage and bridge appurtenances

The District's construction in progress is for engineering fees related to the Valley Ranch Azalea Medical District Phase 1 road project.

Montgomery County assumes responsibility for road facilities constructed within the District. Additionally, the District and New Caney MUD have entered into an agreement which obligates the District to construct certain water and wastewater facilities to serve the District and, when completed, to convey title of the facilities to New Caney MUD. Drainage facilities and certain other capital assets are retained by the District. Consequently, these projects are not recorded as capital assets on the District's financial statements, but are recorded as transfers to other governments upon completion of construction. For the year ended June 30, 2024, capital assets in the amount of $3,965,871 have been completed and recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 8.

Long-Term Debt and Related Liabilities

As of June 30, 2024, the District owes approximately $6,564,476 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers are trued up when the developers are reimbursed.

At June 30, 2024 and 2023, the District had total bonded debt outstanding as shown below:

Series	2024	2023
2018 Road	$ 4,865,000	$ 5,010,000
2019	4,810,000	4,940,000
2019A Road	3,845,000	3,950,000
2020	1,405,000	1,445,000
2021 Road	1,080,000	1,110,000
2022 Road	4,000,000	4,105,000
	$ 20,005,000	$ 20,560,000

At June 30, 2024, the District had $37,465,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $40,750,000 for parks and recreational facilities and the refunding of such bonds; and $48,765,000 for road improvements and the refunding of such bonds.

Next Year's Budget

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

	2024 Actual	2025 Budget
Total revenues	$ 854,386	$ 840,000
Total expenditures	(178,248)	(239,800)
Revenues over expenditures	676,138	600,200
Beginning fund balance	1,478,590	2,154,728
Ending fund balance	$ 2,154,728	$ 2,754,928

Property Taxes

The District's property tax base increased approximately $24,106,000 for the 2024 tax year from $190,748,639 to $214,854,646. This increase was primarily due to increased property values. For the 2024 tax year, the District will levy maintenance tax rate of $0.505 per $100 of assessed value, a debt service tax rate of $0.28 per $100 of assessed value, and a road debt service tax rate of $0.29 per $100 of assessed value, for a total combined tax rate of $1.075 per $100 of assessed value. Tax rates for the 2023 tax year were $0.405 per $100 for maintenance and operations, $0.21 per $100 for debt service, and $0.51 per $100 for road debt service for a combined total of $1.125 per $100 of assessed value.

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Basic Financial Statements

Valley Ranch Town Center Management District
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 3,339	$ 16,333	$ 5,826	$ 25,498	$ -	$ 25,498
Investments	2,164,232	2,273,888	3,610,533	8,048,653		8,048,653
Taxes receivable	2,777	8,624		11,401		11,401
Other receivables			46,354	46,354		46,354
Capital assets not being depreciated					579,430	579,430
Capital assets, net					2,742,108	2,742,108
Total Assets	$ 2,170,348	$ 2,298,845	$ 3,662,713	$ 8,131,906	3,321,538	11,453,444
Liabilities						
Accounts payable	$ 12,843	$ -	$ 3,968	$ 16,811		16,811
Retainage payable			42,158	42,158		42,158
Accrued interest payable					239,202	239,202
Due to developers					6,564,476	6,564,476
Long-term debt						
Due within one year					575,000	575,000
Due after one year					19,430,000	19,430,000
Total Liabilities	12,843		46,126	58,969	26,808,678	26,867,647
Deferred Inflows of Resources						
Deferred property taxes	2,777	8,624		11,401	(11,401)	
Fund Balances/Net Position						
Fund Balances						
Restricted		2,290,221	3,616,587	5,906,808	(5,906,808)	
Unassigned	2,154,728			2,154,728	(2,154,728)	
Total Fund Balances	2,154,728	2,290,221	3,616,587	8,061,536	(8,061,536)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,170,348	$ 2,298,845	$ 3,662,713	$ 8,131,906		
Net Position						
Net investment in capital assets					(1,017,868)	(1,017,868)
Restricted					2,059,643	2,059,643
Unrestricted					(16,455,978)	(16,455,978)
Total Net Position					$ (15,414,203)	$ (15,414,203)

See notes to basic financial statements.

Valley Ranch Town Center Management District
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 760,722	$ 1,384,818	$ -	$ 2,145,540	$ (1,421)	$ 2,144,119
Penalties and interest		6,323		6,323		6,323
County annual payment			531,793	531,793		531,793
Miscellaneous		6,523		6,523		6,523
Investment earnings	93,664	93,826	157,395	344,885		344,885
Total Revenues	854,386	1,491,490	689,188	3,035,064	(1,421)	3,033,643
Expenditures/Expenses						
Operating and administrative						
Professional fees	106,613			106,613		106,613
Contracted services	17,147	32,636		49,783		49,783
Repairs and maintenance	29,801			29,801		29,801
Administrative	14,612	3,033		17,645		17,645
Other	10,075		26,229	36,304		36,304
Capital outlay			37,757	37,757	(37,757)	
Debt service						
Principal		555,000		555,000	(555,000)	
Interest and fees		725,906		725,906	(5,482)	720,424
Depreciation					153,135	153,135
Total Expenditures/Expenses	178,248	1,316,575	63,986	1,558,809	(445,104)	1,113,705
Revenues Over Expenditures/Expenses	676,138	174,915	625,202	1,476,255	443,683	1,919,938
Other Item						
Transfers to other governments					(3,965,871)	(3,965,871)
Net Change in Fund Balances	676,138	174,915	625,202	1,476,255	(1,476,255)	
Change in Net Position					(2,045,933)	(2,045,933)
Fund Balance/Net Position						
Beginning of the year	1,478,590	2,115,306	2,991,385	6,585,281	(19,953,551)	(13,368,270)
End of the year	$ 2,154,728	$ 2,290,221	$ 3,616,587	$ 8,061,536	$ (23,475,739)	$ (15,414,203)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Valley Ranch Town Center Management District (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was created on June 18, 2015, by Senate Bill 2044, 84th Legislature, Regular Session, later codified as Chapter 3941, Texas Special District Local Laws Code, and operates in accordance with the Texas Water Code, Chapter 49, and the Texas Local Government Code, Chapter 375. The Board of Directors held its first meeting on April 27, 2016, and the first bonds were issued on June 28, 2018.

The District was established to facilitate the economic development of land within its boundaries through the construction, maintenance and operation of water, sewer and drainage facilities, parks and recreational facilities, and road improvements. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by a five-member Board of Directors appointed by the Texas Commission on Environmental Quality (TCEQ) from persons recommended by the Board. The Board has the authority to levy taxes, set rates, issue bonds and establish a budget without approval by another governmental entity. The GASB has established criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments. Since the District does not have a separately elected governing body, it is not a primary government. A component unit is a legally separate government for which the elected officials of a primary government are financially accountable. The criteria used to determine financial accountability is whether the primary government appoints a voting majority of the component unit's governing body and (1) is able to impose its will on the component unit or (2) the component unit creates a financial benefit/burden for the primary government. While TCEQ appoints the Directors of the District, it has no further financial accountability for the District. Under these criteria, the District is not a component unit of TCEQ or any other governmental entity. An other stand-alone government is an entity that does not have a separately elected governing body and is not a component unit of another government. For financial reporting purposes, the District is considered an other stand-alone government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

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

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities, parks and recreational facilities, and road improvements.

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

Measurement Focus and Basis of Accounting

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Use of Restricted Resources

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At June 30, 2024, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $50,000 or more and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets are not capitalized. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, drainage facilities and landscaping improvements, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Landscaping improvements	10-20 years
Other facilities	20 years

The District's drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

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

Net Position – Governmental Activities

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities (continued)

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District 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 externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 8,061,536
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 4,307,985	
Less accumulated depreciation	(986,447)	
Change due to capital assets		3,321,538
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of bonds payable.		
Bonds payable	(20,005,000)	
Interest payable on bonds	(239,202)	
Change due to long-term debt		(20,244,202)
Amounts due to the District's developers for prefunded construction are recorded as a liability in the *Statement of Net Position.*		(6,564,476)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		11,401
Total net position - governmental activities		$ (15,414,203)

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

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

Net change in fund balances - total governmental funds		$ 1,476,255
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		(1,421)
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 37,757	
Depreciation expense	(153,135)	
		(115,378)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses curent financial resources. However, neither transaction has no effect on net assets. Other elements of debt financing are reported differently between the fund and government-wide statements.		
Principal payments	555,000	
Interest expense accrual	5,482	
		560,482
The District conveys certain capital assets to Montgomery County and New Caney MUD upon completion of construction. Since these improvements are funded by the developers, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities,* these amounts are reported as transfers to other governments.		(3,965,871)
Change in net position of governmental activities		$ (2,045,933)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of June 30, 2024, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Certificates of deposit	Capital Projects	$ 1,302,200	N/A	N/A
TexPool	General	2,164,232		
	Debt Service	2,273,888		
	Capital Projects	2,308,333		
		6,746,453	AAAm	36 days
Total		$ 8,048,653		

The District's investments in certificates of deposit are reported at cost.

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

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

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2024, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 497,388	$ -	$ 497,388
Construction in progress	4,631,161	(4,549,119)	82,042
	5,128,549	(4,549,119)	579,430
Capital assets being depreciated			
Infrastructure	1,110,962	484,056	1,595,018
Landscaping improvements	910,787		910,787
Other facilities	1,085,800	136,950	1,222,750
	3,107,549	621,006	3,728,555
Less accumulated depreciation			
Infrastructure	(144,641)	(35,444)	(180,085)
Landscaping improvements	(370,844)	(56,553)	(427,397)
Other facilities	(317,827)	(61,138)	(378,965)
	(833,312)	(153,135)	(986,447)
Subtotal depreciable capital assets, net	2,274,237	467,871	2,742,108
Capital assets, net	$ 7,402,786	$ (4,081,248)	$ 3,321,538

Depreciation expense for the current fiscal year was $153,135.

Note 5 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

The amount due to developers at June 30, 2024 is approximately $6,564,476. There was no change in this liability from the prior year.

Note 6 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 20,005,000
Due within one year	$ 575,000

The District's bonds payable at June 30, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2018 Road	$ 4,865,000	$ 5,520,000	2.00% - 4.00%	September 1, 2019/2043	September 1, March 1	September 1, 2025
2019	4,810,000	5,300,000	2.50% - 4.00%	September 1, 2020/2044	September 1, March 1	September 1, 2025
2019A Road	3,845,000	4,225,000	2.00% - 3.375%	September 1, 2020/2044	September 1, March 1	September 1, 2025
2020	1,405,000	1,485,000	1.80% - 3.125%	September 1, 2022/2045	September 1, March 1	September 1, 2025
2021 Road	1,080,000	1,135,000	2.50% - 3.00%	September 1, 2022/2046	September 1, March 1	September 1, 2027
2022 Road	4,000,000	4,105,000	3.50% - 4.25%	September 1, 2023/2047	September 1, March 1	September 1, 2028
	$ 20,005,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At June 30, 2024, the District had authorized but unissued bonds in the amount of $37,465,000 for water, sewer and drainage facilities and the refunding of such bonds; $40,750,000 for park and recreational facilities and the refunding of such bonds, and $48,765,000 for road improvements and the refunding of such bonds.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$ 20,560,000
Bonds retired	(555,000)
Bonds payable, end of year	$ 20,005,000

Note 6 – Long-Term Debt (continued)

As of June 30, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	$ 575,000	$ 703,068	$ 1,278,068
2026	610,000	685,181	1,295,181
2027	630,000	665,955	1,295,955
2028	660,000	645,302	1,305,302
2029	685,000	623,324	1,308,324
2030	715,000	600,559	1,315,559
2031	755,000	576,377	1,331,377
2032	785,000	550,384	1,335,384
2033	820,000	522,780	1,342,780
2034	860,000	493,382	1,353,382
2035	895,000	462,259	1,357,259
2036	935,000	429,414	1,364,414
2037	975,000	394,891	1,369,891
2038	1,025,000	358,267	1,383,267
2039	1,065,000	319,630	1,384,630
2040	1,125,000	279,106	1,404,106
2041	1,160,000	236,674	1,396,674
2042	1,210,000	192,257	1,402,257
2043	1,275,000	145,453	1,420,453
2044	1,325,000	96,471	1,421,471
2045	1,000,000	53,084	1,053,084
2046	385,000	27,709	412,709
2047	295,000	15,175	310,175
2048	240,000	4,800	244,800
	$ 20,005,000	$ 9,081,502	$ 29,086,502

Note 7 – Property Taxes

On May 6, 2017, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value and $0.25 per $100 of assessed value for the operation and maintenance of road facilities. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Note 7 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District's 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of $1.125 per $100 of assessed value, of which $0.405 was allocated to maintenance and operations, $0.21 was allocated to debt service, and $0.51 was allocated to road debt service. The resulting tax levy was $2,145,922 on the adjusted taxable value of $190,748,639.

Property taxes receivable, at June 30, 2024, consisted of the following:

Current year taxes receivable	$ 3,483
Prior years taxes receivable	5,410
	8,893
Penalty and interest receivable	2,508
Property taxes receivable	$ 11,401

Note 8 – Transfers to Other Governments

Montgomery County assumes responsibility for the maintenance of public roads constructed to serve the District. Additionally, the District and New Caney MUD have entered into an agreement which obligates the District to construct certain water and wastewater facilities to serve the District and, when completed, to convey title to the facilities to New Caney MUD. Accordingly, these facilities are not considered to be capital assets of the District. Drainage facilities and certain other capital assets are retained by the District. For the year ended June 30, 2024, the District recorded transfers to other governments in the amount of $3,965,871 for projects completed and transferred to Montgomery County and New Caney MUD.

Note 9 – Utility Agreement with the New Caney Municipal Utility District

On June 8, 2016, the District approved and authorized execution of utility agreement (the "Agreement") with New Caney Municipal Utility District ("New Caney MUD"). Final execution of the Agreement occurred on September 21, 2017. The term of the Agreement is 30 years.

Pursuant to the Agreement, New Caney MUD dissolved the New Caney MUD defined area that previously existed over the land included in the District and agreed that it will not levy a defined area ad valorem property tax in the future. New Caney MUD is responsible for the design, financing, and construction of the water wells, water and wastewater plants and related facilities and all transmission and collection lines and mains necessary to transmit water to, and to take wastewater from, the land within the District's boundaries (the "Capacity Facilities"). New Caney MUD agrees to provide the District with sufficient water and wastewater capacity to serve the District as development progresses.

Note 9 – Utility Agreement with the New Caney Municipal Utility District (continued)

The District is responsible for the design, financing, and construction of all internal water and wastewater facilities (other than Capacity Facilities), drainage facilities, and park and recreational facilities that primarily serve the area within District's boundaries. Upon completion of construction, the District conveys all internal water and wastewater facilities to New Caney MUD for operation and maintenance. The District remains responsible for the operation and maintenance of the District's completed drainage and park and recreational facilities.

New Caney MUD is responsible for providing water and wastewater service to all users in the District. New Caney MUD must charge users in the District the same water and sewer rates charged to similar users in New Caney MUD. All revenue derived from these charges belongs to New Caney MUD.

Note 10 – Agreement with Montgomery County for Financing and Construction of Road Improvements

On December 18, 2018, the District entered into an agreement with Montgomery County for the Financing and Construction of Road Improvements (the "Agreement") for the development of certain major thoroughfare and road improvements within the County. The District intends to finance and construct the road improvements, which upon completion of construction will be transferred to the County. The County agrees to make an annual payment to the District for the reimbursement of the road improvements until the earlier of (i) all the road improvement costs have been paid in full; (ii) the reimbursement cap of $21,000,000 has been met with respect to the road improvements; or (iii) the Agreement expires by its term or is otherwise terminated. During the current year, the District received an annual payment of $531,793.

Note 11 – Risk Management

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

Note 12 – Concentration of Risk

Approximately 89% of the taxable property within the District is owned by the top 10 taxpayers. Since property taxes are the primary source of revenue for both the General Fund and the Debt Service Fund, the continued ability of these taxpayers to continue to pay their property taxes is an important factor in the District's ability to meet its future obligations.

Required Supplementary Information

Valley Ranch Town Center Management District
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ 550,000	$ 550,000	$ 760,722	$ 210,722
Investment earnings		70,000	93,664	23,664
Total Revenues	550,000	620,000	854,386	234,386
Expenditures				
Operating and administrative				
Professional fees	164,000	164,000	106,613	57,387
Contracted services	12,000	12,000	17,147	(5,147)
Repairs and maintenance	40,000	40,000	29,801	10,199
Administrative	17,440	17,440	14,612	2,828
Other		1,500	10,075	(8,575)
Total Expenditures	233,440	234,940	178,248	56,692
Revenues Over Expenditures	316,560	385,060	676,138	291,078
Fund Balance				
Beginning of the year	1,478,590	1,478,590	1,478,590	
End of the year	$ 1,795,150	$ 1,863,650	$ 2,154,728	$ 291,078

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

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

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

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

[ ] Other (Specify): ______

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	N/A				to
Wastewater:					to
Surcharge:					to

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

Total charges per 10,000 gallons usage: Water ______ Wastewater ______

b. Water and Wastewater Retail Connections:

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

See accompanying auditor's report.

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

Gallons pumped into system: N/A

Gallons billed to customers: N/A

Water Accountability Ratio: (Gallons billed / Gallons pumped) N/A

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

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

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

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

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

5. Location of District:

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

County(ies) in which the District is located: Montgomery County

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

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

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

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

ETJs in which the District is located: City of Houston

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

If Yes, by whom? Texas Commission on Environmental Quality

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-2. General Fund Expenditures
For the Year Ended June 30, 2024

Professional fees	
Legal	$ 77,745
Audit	13,500
Engineering	15,368
	106,613
Contracted services	
Bookkeeping	17,147
Repairs and maintenance	29,801
Administrative	
Directors fees	9,511
Insurance	3,068
Other	2,033
	14,612
Other	10,075
Total expenditures	$ 178,248

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-3. Investments
June 30, 2024

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexPool	Variable	N/A	$ 2,164,232	$ -
Debt Service				
TexPool	Variable	N/A	1,767,641	
TexPool	Variable	N/A	506,247	
			2,273,888	
Capital Projects				
Certificate of deposit	4.36%	09/05/24	650,690	23,162
Certificate of deposit	4.36%	09/05/25	651,510	23,192
TexPool	Variable	N/A	1,809,289	
TexPool	Variable	N/A	499,044	
			3,610,533	46,354
Total - All Funds			$ 8,048,653	$ 46,354

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-4. Taxes Levied and Receivable
June 30, 2024

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 2,864	$ 2,715	$ 4,737	$ 10,316
Adjustments	(499)	(562)	(711)	(1,772)
Adjusted Receivable	2,365	2,153	4,026	8,544
2023 Original Tax Levy	779,070	403,962	981,050	2,164,082
Adjustments	(6,538)	(3,390)	(8,232)	(18,160)
Adjusted Tax Levy	772,532	400,572	972,818	2,145,922
Total to be accounted for	774,897	402,725	976,844	2,154,466
Tax collections:				
Current year	771,278	399,922	971,239	2,142,439
Prior years	842	655	1,637	3,134
Total Collections	772,120	400,577	972,876	2,145,573
Taxes Receivable, End of Year	$ 2,777	$ 2,148	$ 3,968	$ 8,893
Taxes Receivable, By Years				
2023	$ 1,254	$ 650	$ 1,579	$ 3,483
2022	800	629	1,521	2,950
2021	304	276	404	984
2020 and prior	419	593	464	1,476
Taxes Receivable, End of Year	$ 2,777	$ 2,148	$ 3,968	$ 8,893

	2023	2022	2021	2020
Property Valuations:				
Land	$ 54,857,030	$ 52,198,500	$ 50,942,540	$ 48,930,910
Improvements	114,136,710	111,402,960	91,107,170	88,940,990
Personal Property	21,755,279	19,052,981	19,313,554	22,254,728
Exemptions	(380)	(1,051)	(440)	(290)
Total Property Valuations	$ 190,748,639	$ 182,653,390	$ 161,362,824	$ 160,126,338
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.405	$ 0.305	$ 0.320	$ 0.275
Debt service tax rates	0.210	0.240	0.290	0.340
Road debt service tax rates	0.510	0.580	0.425	0.385
Total Tax Rates per $100 Valuation	$ 1.125	$ 1.125	$ 1.035	$ 1.000
Adjusted Tax Levy:	$ 2,145,922	$ 2,054,851	$ 1,670,105	$ 1,601,263
Percentage of Taxes Collected to Taxes Levied **	99.84%	99.86%	99.94%	99.94%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 6, 2017
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 6, 2017

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
June 30, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 150,000	$ 177,527	$ 327,527
2026	160,000	172,797	332,797
2027	165,000	167,678	332,678
2028	175,000	162,150	337,150
2029	180,000	156,224	336,224
2030	190,000	149,981	339,981
2031	200,000	143,275	343,275
2032	210,000	136,100	346,100
2033	220,000	128,410	348,410
2034	230,000	120,198	350,198
2035	240,000	111,500	351,500
2036	250,000	102,313	352,313
2037	265,000	92,523	357,523
2038	275,000	82,129	357,129
2039	290,000	71,252	361,252
2040	305,000	59,799	364,799
2041	315,000	47,864	362,864
2042	330,000	35,200	365,200
2043	350,000	21,600	371,600
2044	365,000	7,300	372,300
	$ 4,865,000	$ 2,145,820	$ 7,010,820

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
June 30, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 140,000	$ 179,521	$ 319,521
2026	145,000	175,246	320,246
2027	150,000	170,728	320,728
2028	160,000	165,784	325,784
2029	165,000	160,399	325,399
2030	175,000	154,553	329,553
2031	185,000	148,160	333,160
2032	190,000	141,315	331,315
2033	200,000	134,000	334,000
2034	210,000	126,210	336,210
2035	220,000	118,040	338,040
2036	230,000	109,490	339,490
2037	240,000	100,560	340,560
2038	255,000	90,900	345,900
2039	265,000	80,500	345,500
2040	280,000	69,600	349,600
2041	290,000	58,200	348,200
2042	305,000	46,300	351,300
2043	320,000	33,800	353,800
2044	335,000	20,700	355,700
2045	350,000	7,000	357,000
	$ 4,810,000	$ 2,291,006	$ 7,101,006

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-5. Long-Term Debt Service Requirements
Series 2019A Road--by Years
June 30, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 105,000	$ 119,020	$ 224,020
2026	115,000	116,433	231,433
2027	120,000	113,553	233,553
2028	125,000	110,427	235,427
2029	130,000	107,048	237,048
2030	135,000	103,403	238,403
2031	145,000	99,338	244,338
2032	150,000	94,913	244,913
2033	160,000	90,262	250,262
2034	165,000	85,284	250,284
2035	175,000	79,862	254,862
2036	185,000	74,013	259,013
2037	195,000	67,838	262,838
2038	205,000	61,337	266,337
2039	215,000	54,512	269,512
2040	225,000	47,363	272,363
2041	235,000	39,741	274,741
2042	245,000	31,641	276,641
2043	260,000	23,119	283,119
2044	270,000	14,172	284,172
2045	285,000	4,809	289,809
	$ 3,845,000	$ 1,538,088	$ 5,383,088

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
June 30, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 40,000	$ 39,931	$ 79,931
2026	40,000	39,111	79,111
2027	45,000	38,196	83,196
2028	45,000	37,184	82,184
2029	50,000	36,066	86,066
2030	50,000	34,841	84,841
2031	50,000	33,566	83,566
2032	55,000	32,174	87,174
2033	55,000	30,661	85,661
2034	60,000	29,021	89,021
2035	60,000	27,251	87,251
2036	65,000	25,376	90,376
2037	65,000	23,426	88,426
2038	70,000	21,401	91,401
2039	70,000	19,266	89,266
2040	75,000	17,019	92,019
2041	75,000	14,694	89,694
2042	80,000	12,291	92,291
2043	85,000	9,734	94,734
2044	85,000	7,099	92,099
2045	90,000	4,375	94,375
2046	95,000	1,484	96,484
	$ 1,405,000	$ 534,167	$ 1,939,167

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
June 30, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 30,000	$ 30,269	$ 60,269
2026	35,000	29,294	64,294
2027	35,000	28,244	63,244
2028	35,000	27,194	62,194
2029	35,000	26,231	61,231
2030	35,000	25,356	60,356
2031	40,000	24,419	64,419
2032	40,000	23,419	63,419
2033	40,000	22,419	62,419
2034	45,000	21,356	66,356
2035	45,000	20,203	65,203
2036	45,000	19,022	64,022
2037	45,000	17,844	62,844
2038	50,000	16,500	66,500
2039	50,000	15,000	65,000
2040	55,000	13,425	68,425
2041	55,000	11,775	66,775
2042	55,000	10,125	65,125
2043	60,000	8,400	68,400
2044	60,000	6,600	66,600
2045	60,000	4,800	64,800
2046	65,000	2,925	67,925
2047	65,000	975	65,975
	$ 1,080,000	$ 405,795	$ 1,485,795

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
June 30, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 110,000	$ 156,800	$ 266,800
2026	115,000	152,300	267,300
2027	115,000	147,556	262,556
2028	120,000	142,563	262,563
2029	125,000	137,356	262,356
2030	130,000	132,425	262,425
2031	135,000	127,619	262,619
2032	140,000	122,463	262,463
2033	145,000	117,028	262,028
2034	150,000	111,313	261,313
2035	155,000	105,403	260,403
2036	160,000	99,200	259,200
2037	165,000	92,700	257,700
2038	170,000	86,000	256,000
2039	175,000	79,100	254,100
2040	185,000	71,900	256,900
2041	190,000	64,400	254,400
2042	195,000	56,700	251,700
2043	200,000	48,800	248,800
2044	210,000	40,600	250,600
2045	215,000	32,100	247,100
2046	225,000	23,300	248,300
2047	230,000	14,200	244,200
2048	240,000	4,800	244,800
	$ 4,000,000	$ 2,166,626	$ 6,166,626

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 575,000	$ 703,068	$ 1,278,068
2026	610,000	685,181	1,295,181
2027	630,000	665,955	1,295,955
2028	660,000	645,302	1,305,302
2029	685,000	623,324	1,308,324
2030	715,000	600,559	1,315,559
2031	755,000	576,377	1,331,377
2032	785,000	550,384	1,335,384
2033	820,000	522,780	1,342,780
2034	860,000	493,382	1,353,382
2035	895,000	462,259	1,357,259
2036	935,000	429,414	1,364,414
2037	975,000	394,891	1,369,891
2038	1,025,000	358,267	1,383,267
2039	1,065,000	319,630	1,384,630
2040	1,125,000	279,106	1,404,106
2041	1,160,000	236,674	1,396,674
2042	1,210,000	192,257	1,402,257
2043	1,275,000	145,453	1,420,453
2044	1,325,000	96,471	1,421,471
2045	1,000,000	53,084	1,053,084
2046	385,000	27,709	412,709
2047	295,000	15,175	310,175
2048	240,000	4,800	244,800
	$ 20,005,000	$ 9,081,502	$ 29,086,502

See accompanying auditor's report.

Valley Ranch Town Center Management District
TSI-6. Change in Long-Term Bonded Debt
June 30, 2024

	Bond Issue			
	Series 2018 Road	Series 2019	Series 2019A Road	Series 2020
Interest rate	2.00% - 4.00%	2.50% - 4.00%	2.00% - 3.375%	1.80% - 3.125%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/19 - 9/1/43	9/1/20 - 9/1/44	9/1/20 - 9/1/44	9/1/22 - 9/1/45
Beginning bonds outstanding	$ 5,010,000	$ 4,940,000	$ 3,950,000	$ 1,445,000
Bonds retired	(145,000)	(130,000)	(105,000)	(40,000)
Ending bonds outstanding	$ 4,865,000	$ 4,810,000	$ 3,845,000	$ 1,405,000
Interest paid during fiscal year	$ 181,953	$ 183,490	$ 121,409	$ 40,711
Paying agent's name and city All Series	Bank of New York Mellon Trust Company, N.A., Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Recreational Facilities Bonds	Roads Bonds
Amount Authorized by Voters	$ 44,250,000	$ 40,750,000	$ 63,750,000
Amount Issued	(6,785,000)		(14,985,000)
Remaining To Be Issued	$ 37,465,000	$ 40,750,000	$ 48,765,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of June 30, 2024:	$ 2,290,221
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,211,938

See accompanying auditor's report.

Bond Issue		
Series 2021 Road	Series 2022 Road	Totals
2.50% - 3.00%	3.50% - 4.25%	
9/1; 3/1	9/1; 3/1	
9/1/22 - 9/1/46	9/1/23 - 9/1/47	
$ 1,110,000	$ 4,105,000	$ 20,560,000
(30,000)	(105,000)	(555,000)
$ 1,080,000	$ 4,000,000	$ 20,005,000
$ 31,169	$ 161,100	$ 719,832

Valley Ranch Town Center Management District
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	$ 760,722	$ 553,986	$ 517,187	$ 446,428	$ 330,561
Miscellaneous				2,075	
Investment earnings	93,664	49,308	2,481	519	5,760
Total Revenues	854,386	603,294	519,668	449,022	336,321
Expenditures					
Operating and administrative					
Professional fees	106,613	104,229	110,924	94,852	113,583
Contracted services	17,147	15,033	15,427	13,292	7,900
Repairs and maintenance	29,801	49,418	10,669	15,006	29,150
Administrative	14,612	12,521	12,572	11,624	13,317
Other	10,075	1,025	10,206	3,269	
Capital outlay		246,413			34,926
Total Expenditures	178,248	428,639	159,798	138,043	198,876
Revenues Over Expenditures	$ 676,138	$ 174,655	$ 359,870	$ 310,979	$ 137,445

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
89%	92%	100%	100%	98%
			*	
11%	8%	*	*	2%
100%	100%	100%	100%	100%
12%	17%	21%	21%	34%
2%	2%	3%	3%	2%
3%	8%	2%	3%	9%
2%	2%	2%	3%	4%
1%	*	2%	1%	
	41%			10%
20%	70%	30%	31%	59%
80%	30%	70%	69%	41%

Valley Ranch Town Center Management District
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	$ 1,384,818	$ 1,490,458	$ 1,155,283	$ 1,176,628	$ 852,975
Penalties and interest	6,323	1,115	1,953	10,377	3,324
Miscellaneous	6,523	7,012	2,969	11,382	1,886
Investment earnings	93,826	59,939	3,206	766	10,421
Total Revenues	1,491,490	1,558,524	1,163,411	1,199,153	868,606
Expenditures					
Tax collection services	35,669	27,838	25,231	35,201	24,142
Debt service					
Principal	555,000	425,000	345,000	320,000	120,000
Interest and fees	725,906	706,484	570,755	528,375	429,680
Total Expenditures	1,316,575	1,159,322	940,986	883,576	573,822
Revenues Over Expenditures	$ 174,915	$ 399,202	$ 222,425	$ 315,577	$ 294,784

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
94%	96%	100%	98%	99%
*	*	*	1%	*
*	*	*	1%	*
6%	4%	*	*	1%
100%	100%	100%	100%	100%
2%	2%	2%	3%	3%
37%	27%	30%	27%	14%
49%	45%	49%	44%	49%
88%	74%	81%	74%	66%
12%	26%	19%	26%	34%

Valley Ranch Town Center Management District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2024

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, Texas 77027
District Business Telephone Number:	713-860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	September 22, 2023
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
Temple Brown	6/21 to 6/25	$ 2,139	$ -	President
Melissa Fitzgerald	6/23 to 6/27	1,989	232	Vice President
Jason Tramonte	6/21 to 6/25	1,326		Secretary
Christine Cagle	6/23 to 6/27	1,918	232	Assistant Secretary
John Edwards	6/21 to 6/25	2,139	331	Assistant Vice President
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP	4/16			Attorney
General legal fees		$ 77,745		
District Data Services, Inc.	5/16	17,147		Bookkeeper
Utility Tax Service, LLC	5/16	9,000		Tax Collector
Montgomery Central Appraisal District	Legislation	16,113		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	5/17	6,723		Delinquent Tax Attorney
DE Corp.	5/16	79,170		Engineer
KGA DeForest Design, LLC	9/16			Landscape Architect
McGrath & Co., PLLC	10/17	13,500		Auditor
Post Oak Municipal Advisors, LLC	4/18			Financial Advisor

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

See accompanying auditor's report.