

**STANLEY LAKE MUNICIPAL UTILITY DISTRICT  
(Montgomery County, Texas)**

**PRELIMINARY OFFICIAL STATEMENT  
DATED: JUNE 30, 2025**

**\$4,000,000  
UNLIMITED TAX BONDS  
SERIES 2025**

**BIDS DUE: 1:00 P.M., HOUSTON TIME IN HOUSTON, TEXAS  
THURSDAY, JULY 10, 2025**

**BIDS TO BE AWARDED: 12:00 P.M., HOUSTON TIME IN HOUSTON, TEXAS  
FRIDAY, JULY 11, 2025**



Financial Advisor

**OFFICIAL NOTICE OF SALE**

**\$4,000,000**

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

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This Official Notice of Sale does not alone constitute an invitation for bids, but is merely notice of sale of the bonds described herein. The invitation for such bids is being made by means of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement. Information contained in this Official Notice of Sale is qualified in its entirety by the detailed information contained in the Preliminary Official Statement.

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## **OFFICIAL NOTICE OF SALE**

**\$4,000,000**

### **STANLEY LAKE MUNICIPAL UTILITY DISTRICT**

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

### **UNLIMITED TAX BONDS**

### **SERIES 2025**

**BONDS OFFERED FOR SALE AT COMPETITIVE BID:** The Board of Directors (the "Board") of Stanley Lake Municipal Utility District (the "District") is offering for sale at competitive bid \$4,000,000 Unlimited Tax Bonds, Series 2025 (the "Bonds").

**METHODS FOR SUBMISSION OF BIDS AND BID FORMS:** Bids for the Bonds may be submitted by any one the following methods:

1. Submit bids in writing as described below under "WRITTEN BIDDING PROCEDURE."
2. Submit bids electronically as described below under "ELECTRONIC BIDDING PROCEDURE."
3. Submit bids by telephone as described below under "TELEPHONIC BIDDING PROCEDURE."

All bids must be submitted by 1:00 P.M., Houston, Texas time, on Thursday July 10, 2025. Any prospective bidder must also submit, by 1:00 P.M., Houston, Texas time, on Thursday, July 10, 2025, signed Official Bid Form(s) to the District's financial advisor, BOK Financial Securities, Inc., Houston, Texas (the "Financial Advisor"), as more fully described below. Any bid or bid form submitted after such scheduled time for bid receipt will not be accepted and will be returned unopened. The District will not accept bids by facsimile. See "CONDITIONS OF SALE – REQUIRED DISCLOSURE OF INTERESTED PARTIES" for additional requirements concerning submission of bids.

**WRITTEN BIDDING PROCEDURE:** Any prospective bidder that intends to submit its bid in writing must do so in accordance with this paragraph. Two sealed bids, which must be submitted on the Official Bid Form and plainly marked "Bid for Bonds," are to be addressed to "President and Board of Directors, Stanley Lake Municipal Utility District." The two sealed bids must be submitted on signed Official Bid Forms and delivered, by 1:00 P.M., Houston, Texas time, on Thursday, July 10, 2025, to the office of the Financial Advisor, as follows: BOK Financial Securities, Inc., Attn: John Robuck, 1401 McKinney Street, Suite 1000, Houston, Texas 77010. For purposes of the written bidding procedure, the time as maintained by PARITY (described below) shall constitute the official time.

**ELECTRONIC BIDDING PROCEDURE:** A prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. A prospective bidder that intends to submit an electronic bid must also submit, prior to 1:00 P.M., Houston, Texas time, on Thursday, July 10, 2025, one signed copy of the Official Bid Form that is signed but otherwise incomplete to the Financial Advisor by e-mail to the following address: jrobuck@bokf.com. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Electronic bids must be received via PARITY in the manner described below, until 1:00 P.M., Houston, Texas time, on Thursday, July 10, 2025.

Electronic bids must be submitted via PARITY in accordance with this Official Notice of Sale, but no bid will be received after the time for receiving bids as specified above. An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Official Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from i-Deal, 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 849-5000.

For purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net effective interest rate to the District, as described under "CONDITIONS OF SALE – BASIS OF AWARD" below. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form. See "CONDITIONS OF SALE – REQUIRED DISCLOSURE OF INTERESTED PARTIES" for additional requirements concerning submission of bids.

**TELEPHONIC BIDDING PROCEDURE:** Any prospective bidder that intends to submit its bid by telephone must submit its bid in accordance with this section. Prior to 1:00 P.M., Houston, Texas time, on Thursday, July 10, 2025, bidders must submit two signed Official Bid Forms, executed by an authorized representative of the bidder, to the Financial Advisor, as follows: BOK Financial Securities, Inc., Attn: John Robuck, 1401 McKinney Street, Suite 1000, Houston, Texas 77010. Bidders who have provided signed bid forms may thereafter submit bids by telephone on the date of sale by 1:00 P.M., Houston, Texas time. Inquiries with respect to this procedure may be directed to the Financial Advisor (John Robuck, (713) 289-5897).

The Financial Advisor will call telephone bidders who have submitted signed Official Bid Forms prior to the date of the sale. Contact the Financial Advisor on the day of the sale to obtain the phone number.

**LATE BIDS AND IRREGULARITIES:** The Financial Advisor is not authorized and will not be responsible for the submission of any bids made after the time prescribed, nor does the District or the Financial Advisor assume any responsibility or liability with respect to any irregularities associated with the submission, delivery, or electronic transmission of any bid. **The District and the Board reserve the right to reject any and all bids and to waive any irregularities, except time of filing.**

**AWARD AND SALE OF THE BONDS:** The District will take action to adopt an order authorizing the issuance and awarding sale of the Bonds (the "Bond Order") or will reject all bids promptly after the opening of bids at 12:00 P.M., Houston, Texas time, on Friday, July 11, 2025. The Board reserves the right to reject any or all bids and to waive any irregularities, except time of filing. Please note that all bids must comply with the requirement listed in "CONDITIONS OF SALE – REQUIRED DISCLOSURE OF INTERESTED PARTIES."

## **THE BONDS**

**DESCRIPTION OF CERTAIN TERMS OF THE BONDS:** The Bonds will be dated August 1, 2025, and interest to the Bonds accrues from the date of delivery which is expected to be on or about August 7, 2025 (the "Date of Delivery"), with interest payable on January 1, 2026, and on each July 1 and January 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form. Principal will be payable to the registered owner(s) of the Bonds (the "Registered Owner(s)") upon presentation and surrender at the principal corporate trust office of the paying agent/registrar, initially, Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check of the Paying Agent/Registrar, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to the Registered Owners, as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"). The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System" in the Preliminary Official Statement.

The Bonds will mature serially on July 1 in each of the following years in the following amounts:

Maturity (July 1)	Principal Amount	Maturity (July 1)	Principal Amount
2026	\$ 85,000	2039	\$110,000
2027	75,000	2040	105,000
2028	75,000	2041	105,000
2029	80,000	2042	255,000
2030	80,000	2043	260,000
2031	85,000	2044	260,000
2032	85,000	2045	260,000
2033	90,000	2046	270,000
2034	90,000	2047	285,000
2035	100,000	2048	300,000
2036	100,000	2049	310,000
2037	105,000	2050	325,000
2038	105,000		

**SERIAL BONDS AND/OR TERM BONDS:** Bidders may provide that all the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts may be combined into one or more term bonds.

**REDEMPTION PROVISIONS:** The Bonds maturing on or after July 1, 2036 are subject to redemption and payment, at the option of the District, in whole or, from time to time, in part, on July 1, 2035, or on any date thereafter, at a price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the District shall determine the maturity or maturities and the amounts thereof to be redeemed, in integral multiples of \$5,000 in principal amount, and if less than all of the Bonds within a maturity are to be redeemed, the Paying Agent/Registrar shall select by lot or other customary method of random selection the Bonds within such maturity to be redeemed. The Registered Owners of any Bond, all or a portion of which has been called for redemption, will be required to present such bond to the Paying Agent/Registrar for payment of the redemption price on the portion of such Bond called for redemption and for the issuance of an exchange Bond in a principal amount equal to the portion of the Bond not so redeemed.

**SECURITY FOR PAYMENT:** Principal of and interest on the Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Montgomery County, Texas; the City of Conroe, Texas; or any entity other than the District.

**OTHER TERMS AND COVENANTS:** Other terms of the Bonds and the various covenants of the District contained in the Bond Order are described in the Preliminary Official Statement, to which reference is made for all purposes.

**MUNICIPAL BOND INSURANCE AND RATINGS:** The District has made an application to Build America Mutual Assurance Company and Assured Guaranty Inc. for a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by rating companies, other than S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), will be at the option and expense of the Initial Purchaser (herein defined). S&P has assigned an underlying rating of "A" (stable outlook) to the Bonds. The District will pay the rating fees charged by S&P.

### **CONDITIONS OF SALE**

**TYPES OF BIDS AND INTEREST RATES:** The Bonds will be sold in one block on an "all or none" basis at a price of not less than 97% of the principal amount thereof, from the date of the Bonds to the date of delivery. Bidders are to name the rates of interest to be borne by the Bonds, provided that each interest rate bid must be a multiple of 1/8th or 1/20th of 1%. All Bonds maturing within a single year must bear the same rate of interest. The net effective interest rate, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended, on the Bonds may not exceed 2% above the Daily Bond Buyer's weekly "20 Bond Index" published over the one month period preceding the sale date of the Bonds. No limitation will be imposed upon bidders as to the number of rates which may be used, but the highest rate bid may not exceed the lowest rate bid by more than 2-1/2% in interest rate. No bids involving supplemental interest payments will be considered. No bid that generates a cash premium greater than \$5,000 will be considered. Each bid shall indicate the total and net interest costs in dollars and the net effective interest rate determined therefrom, which shall be considered informative only and not as a part of the bid.

**BASIS OF AWARD:** For the purpose of awarding sale of the Bonds, the interest cost of each bid will be computed by determining, at the rates specified therein, the total dollar value of all interest on the Bonds from the date thereof to their respective maturities and adding thereto the dollar bid, if any. Subject to the District's right to reject any or all bids, sale of the Bonds will be awarded to the bidder (the "Initial Purchaser") whose bid, under the above computation, produces the lowest net interest cost to the District. The Board reserves the right to reject any or all bids. In the event of mathematical discrepancies between the interest rate(s) bid and the interest cost determined therefrom, as both appear on the Official Bid Form, the bid will be governed solely by the interest rate(s) bid.

**COMPETITIVE BIDDING AND CERTIFICATE OF INITIAL PURCHASER:** In the event that the District does not receive sufficient qualified bids to satisfy the competitive sale requirements of Section 1.148-1(f)(3)(i) of the Treasury Regulation, allowing the District to treat the reasonably expected initial offering price to the public as of the sale date as the issue price of the Bonds, the "hold-the-offering-price rule" shall apply, which will allow the District to treat the initial offering price to the public of each maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule applies to any maturity of the Bonds, the Initial Purchaser will neither offer nor sell that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (i) the date on which the Initial Purchaser has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public or (b) the close of the fifth business day after the sale date.

The Initial Purchaser agrees to promptly report to the Financial Advisor when it has sold 10% of a maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public if that occurs prior to the close of the fifth business day after the sale date. Alternative Certificates of Initial Purchaser are attached for use (i) when the competitive sale requirements of Section 1.148-1(f)(3)(i) of the Treasury Regulation are met and (ii) when such requirements are not met.

**REQUIRED DISCLOSURE OF INTERESTED PARTIES:** Bidders, including any syndicate member listed on the Official Bid Form, who are not publicly traded business entities, or wholly owned subsidiaries of a publicly traded business entity, must submit to the District a completed and signed Texas Ethics Commission Form 1295 ("TEC Form 1295") in accordance with Section 2252.908 of the Texas Government Code. If required, the TEC Form 1295 may accompany the Official Bid Form or may be submitted separately, but must be provided to the District prior to the time prescribed for the award of the Bonds. If required the TEC Form 1295 may be provided to the District via facsimile or electronically; however, the original signed TEC Form 1295, including certificate number, must be physically delivered to the District within two business days of the award. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein, if applicable, or to waive any such requirements. For purposes of completing the TEC Form 1295, box two is "Stanley Lake Municipal Utility District" and box 3 is "SLMUD – S2025." Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, any entity who is not a publicly traded business entity, or a wholly owned subsidiary of a publicly traded business entity, should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the apparent winning bid.

**COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH CERTAIN PARTIES:** The District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company<sup>1</sup> that boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

<sup>1</sup> "Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit, but does not mean a sole proprietorship.

Additionally, the District will not award the Bonds to a bidder unless the bidder certifies that, at the time of execution and delivery of its bid, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company<sup>2</sup> (i) that engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) listed by the Texas Comptroller of Public Accounts under Section 2270.0201 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

Additionally, the District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company<sup>1</sup> that boycotts or will boycott energy companies. The terms "boycotts energy companies" and "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001 of the Texas Government Code, as amended.

Additionally, the District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company<sup>1</sup> that has a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association or will discriminate against a firearm entity or firearm trade association. The term "discriminates against a firearm entity or firearm trade association" as used in this paragraph has the meaning assigned to the term "discriminate against a firearm entity or firearm trade association" in Section 2274.001(3) of the Texas Government Code.

Notwithstanding anything contained herein, any prospective bidder agrees that liability for breach of verification of the statutory representations and covenants provided above as required by Chapters 2252, 2271, 2274 and 2276 of the Texas Government Code during the term of the contract shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the contract.

By submitting a bid, a bidder makes and certifies to the representations necessary and convenient for the compliance with the aforementioned laws and, at the request of the District, agrees to execute further written certifications as may be necessary or convenient for the District to establish compliance with the aforementioned laws.

**GOOD FAITH DEPOSIT:** Each bid must be accompanied by a bank cashier's check payable to the order of "Stanley Lake Municipal Utility District" in the amount of \$80,000, which is 2% of the principal amount of the Bonds (the "Good Faith Deposit"). "Official Checks" will not be accepted. The check of the Initial Purchaser will be considered as the Good Faith Deposit and will be retained uncashed by the District pending the Initial Purchaser's compliance with the terms of the bid. In the event the Initial Purchaser should fail or refuse to take up and pay for the Bonds in accordance with such terms, then the Good Faith Deposit will be cashed and the proceeds accepted by the District as full and complete liquidated damages. The Good Faith Deposit may accompany the bid or it may be submitted separately; if submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as the Good Faith Deposit of bidders named in such instructions. **THE GOOD FAITH DEPOSIT OF THE INITIAL PURCHASER WILL BE RETURNED TO THE INITIAL PURCHASER UNCASHED ON THE DATE OF DELIVERY OF THE BONDS.** No interest will be credited on the Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Bonds has been made.

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<sup>1</sup> "Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit, but does not mean a sole proprietorship.

<sup>2</sup> "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

**CONTRACTING INFORMATION:** As a condition of sale, the Initial Purchaser represents and warrants that, to the extent the purchase of the Bonds represents a contract for goods or services within the meaning of Section 552.371 of the Texas Government Code, as amended, the Initial Purchaser represents and warrants that it will (i) preserve all contracting information related to the purchase of the Bonds as provided by the records retention requirements applicable to the District through the delivery date of the Bonds, (ii) promptly provide to the District any contracting information related to the purchase of the Bonds that is in the custody or possession of the Initial Purchaser on request of the Issuer, and (iii) upon delivery of the Bonds, either (a) provide at no cost to the District all contracting information related to the purchase of the Bonds that is in the custody or possession of the Initial Purchaser or (b) preserve the contracting information related to the purchase of the Bonds as provided by the records retention requirements applicable to the District. The term "contracting information" as used in this paragraph has the meaning assigned to such term in Section 552.003 of the Texas Government Code.

#### **OFFICIAL STATEMENT**

To assist the Initial Purchaser in complying with the Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), the District and the Initial Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows.

**FINAL OFFICIAL STATEMENT:** The District has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the District intends the Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Initial Purchaser, and other similar information, terms, and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the District of the initial offering yields of the Bonds. Thereafter, the District will complete and authorize distribution of the Official Statement identifying the Initial Purchaser and containing such omitted information. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District intends the same to be final as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are being or which will be made by the District are those described and contained in the Official Statement under the caption "OFFICIAL STATEMENT – Updating the Official Statement."

**CHANGES TO 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 that causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, as described above under "DELIVERY AND ACCOMPANYING DOCUMENTS – CONDITIONS TO DELIVERY," 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 do so 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 (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

**DELIVERY OF OFFICIAL STATEMENTS:** The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of the Rule, designated by the Initial Purchaser), within seven business days after the sale date, the aggregate number of Official Statements specified in the winning bid. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential purchasers of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may request prior to the 90th day after the end of the underwriting period described in the Rule. The District shall pay the expense of preparing the number of copies of the Official Statement specified in the winning bid and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.



## **DELIVERY AND ACCOMPANYING DOCUMENTS**

**DELIVERY OF INITIAL BONDS:** Initial delivery of the Bonds ("Initial Delivery") will be as set forth below. Unless otherwise agreed with the Initial Purchaser, delivery will be at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. If, at the time of closing, the Initial Purchaser has provided the Paying Agent/Registrar five business days' written notice of its registration instructions, the Initial Purchaser shall not be required to pay for the initial Bonds until the Paying Agent/Registrar is able to deliver to the Initial Purchaser definitive, registered Bonds conforming to such registration instructions. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Bonds.

It is anticipated that Initial Delivery can be made on or about August 7, 2025, and subject to the aforesaid notice, it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the initial Bonds by 10:00 A.M., Houston, Texas time, on August 7, 2025, or thereafter on the date the initial Bonds are tendered for delivery, up to and including September 4, 2025. If for any reason the District is unable to make delivery on or before September 4, 2025, then the District immediately shall contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional 30 days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then the Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

**EXCHANGE ON DELIVERY DATE:** Upon written request of the Initial Purchaser, delivered to the Paying Agent/Registrar not less than five business days prior to the date fixed for delivery, the Paying Agent/Registrar will, on the delivery date, exchange the Bonds to be delivered by the District for Bonds registered in accordance with instructions contained in such request, in integral multiples of \$5,000, maturing as set out in the Official Notice of Sale and bearing interest in accordance with the terms of the Initial Purchaser's bid.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. All expenses relating to the printing of CUSIP numbers on the Bonds shall be paid for by the District; however, payment of the CUSIP Global Services charge for the assignment of the numbers shall be the responsibility of the Initial Purchaser.

**CONDITIONS TO DELIVERY:** The obligation to take up and pay for the Bonds is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Initial Purchaser's receipt of the initial Bonds (or definitive Bonds if the Initial Purchaser has provided the Paying Agent/Registrar with registration instructions as provided above), the Initial Purchaser's receipt of the legal opinion of Wallace & Philbin, LLP, Houston, Texas ("Bond Counsel"), and the no-litigation certificate, and the non-occurrence of the events described below under "NO MATERIAL ADVERSE CHANGE," all as described below. Further, the Initial Purchaser is not obligated to take up and pay for the Bonds at Initial Delivery if at any time after the award of the Bonds and at or prior to Initial Delivery, the Congress of the United States shall have declared war or a national emergency. In addition, if the District fails to comply with its obligations described under "OFFICIAL STATEMENT" below, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five days thereafter.

**INITIAL PURCHASER'S CERTIFICATION OF ISSUE PRICE:** In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, and subject to the section entitled "CONDITIONS OF SALE – COMPETITIVE BIDDING AND CERTIFICATE OF INITIAL PURCHASER" herein, the Initial Purchaser will be required to complete, execute and deliver to the District (on or before the date of delivery of the Bonds) a certification regarding the "issue price" of the Bonds substantially in one of the forms accompanying this Official Notice of Sale. In the event the Initial Purchaser will not reoffer the Bonds for sale or is unable to sell a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner acceptable to the District. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date of delivery of the Bonds, if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. See "TAX MATTERS" in the Preliminary Official Statement. Such opinions express no opinion with respect to the sufficiency of the security or marketability of the Bonds.

**LEGAL OPINIONS:** The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of Texas, to the effect that the Attorney General of Texas has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without legal limitation as to rate or amount upon all taxable property in the District. The District will also furnish the approving legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of Texas, except to the extent that enforcement of the rights and remedies of the registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes without legal limitation as to rate or amount, upon all taxable property within the District, and that the interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date of such opinion assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "LEGAL MATTERS" in the Preliminary Official Statement. Such opinions express no opinion with respect to the sufficiency of the security for or marketability of the Bonds.

**DTC DEFINITIVE BONDS:** After delivery, the Bonds will be issued in book-entry-only form. Cede & Co. is the nominee for DTC. All references herein to the registered owners of the Bonds shall mean Cede & Co. and not the beneficial owners of the Bonds. Purchase of beneficial interests in the Bonds will be made in book-entry-only form (without registered Bonds) in the denomination of \$5,000 principal amount or any integral multiple thereof. Under certain limited circumstances described herein, the District may determine to forego immobilization of the Bonds at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for one or more fully registered Bonds of like principal amount for the Bonds. See "THE BONDS – Book-Entry-Only System" in the Preliminary Official Statement.

**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 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 will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities subordinate to the District during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities subordinate to the District have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2025. Notwithstanding this exception, financial institutions acquiring the bonds will be subject to a 20% disallowance of allocable interest expense.

**NO-LITIGATION CERTIFICATE:** With the delivery of the Bonds, the President and Secretary of the Board will, on behalf of the District, execute and furnish to the Initial Purchaser a certificate to the effect that no litigation of any nature has been filed or is then pending against the District, of which the District has notice, to restrain the issuance or delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner questioning the validity of the Bonds.

**NO MATERIAL ADVERSE CHANGE:** The obligations of the Initial Purchaser to take up 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 of the District (financial or otherwise) subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of delivery.

## **GENERAL CONSIDERATIONS**

**REGISTRATION:** The Bonds are transferable on the bond register kept by the Paying Agent/Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity in any authorized denomination upon surrender of the Bonds to be exchanged, but the District may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

**INVESTMENT CONSIDERATIONS:** The Bonds are subject to investment risks as set forth in the Preliminary Official Statement. Prospective purchasers should review the entire Preliminary Official Statement before making an investment decision. See "INVESTMENT CONSIDERATIONS" in the Preliminary Official Statement.

**RESERVATION OF RIGHTS:** The District reserves the right to reject all bids or any bid not conforming with the terms hereof and the right to waive any and all irregularities, except time of filing.

**NOT AN OFFER TO SELL:** This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement, and the Official Bid Form.

**SECURITIES REGISTRATION AND QUALIFICATION:** No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws or regulations of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws or regulations 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 jurisdictions.

By submission of a bid, the Initial Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register or qualify the Bonds in accordance with the securities laws or regulations of any jurisdiction which so requires. The District agrees to cooperate, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds, or in obtaining an exemption from registration or qualification, in any jurisdiction where such action is necessary.

**CONTINUING DISCLOSURE AGREEMENT:** The District will agree in the Bond Order to provide certain periodic information and notices of material events in accordance with the Rule, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser or its agent of a certified copy of the Bond Order containing the agreement described under such heading.

**ADDITIONAL COPIES:** Additional copies of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement may be obtained from the Financial Advisor, as follows: BOK Financial Securities, Inc., Attn: John Robuck, 1401 McKinney Street, Suite 1000, Houston, Texas 77010.

/s/ Kerry Masson  
President  
Stanley Lake Municipal Utility District

June 30, 2025

## CERTIFICATE OF INITIAL PURCHASER – FEDERAL TAX COMPETITIVE BIDDING REQUIREMENTS NOT MET

The undersigned hereby certifies as follows with respect to the sale of the \$4,000,000 Unlimited Tax Bonds, Series 2025 (the "Bonds") by Stanley Lake Municipal Utility District (the "District").

1. The undersigned is the initial purchaser or the manager of the syndicate of underwriters ("Initial Purchaser") which has purchased the Bonds from the District at competitive sale.

2. As of the date of this certificate, for each of the following maturities (the "Sold Maturities"), the first price at which a substantial amount (at least 10%) of such maturity was sold to the public (expressed as a percentage of principal amount and exclusive of accrued interest) is set forth below:

Maturity (July 1)	Principal Amount	Price/Yield	Maturity (July 1)	Principal Amount	Price/Yield
2026	\$ 85,000	_____ %	2039	\$110,000	_____ %
2027	75,000	_____ %	2040	105,000	_____ %
2028	75,000	_____ %	2041	105,000	_____ %
2029	80,000	_____ %	2042	255,000	_____ %
2030	80,000	_____ %	2043	260,000	_____ %
2031	85,000	_____ %	2044	260,000	_____ %
2032	85,000	_____ %	2045	260,000	_____ %
2033	90,000	_____ %	2046	270,000	_____ %
2034	90,000	_____ %	2047	285,000	_____ %
2035	100,000	_____ %	2048	300,000	_____ %
2036	100,000	_____ %	2049	310,000	_____ %
2037	105,000	_____ %	2050	325,000	_____ %
2038	105,000	_____ %			

3. As of the Sale Date (defined below), each of the following maturities (the "Unsold Maturities") was offered to the public for purchase at the price (expressed as a percentage of principal amount and exclusive of accrued interest) set forth below:

Maturity (July 1)	Principal Amount	Price/Yield	Maturity (July 1)	Principal Amount	Price/Yield
2026	\$ 85,000	_____ %	2039	\$110,000	_____ %
2027	75,000	_____ %	2040	105,000	_____ %
2028	75,000	_____ %	2041	105,000	_____ %
2029	80,000	_____ %	2042	255,000	_____ %
2030	80,000	_____ %	2043	260,000	_____ %
2031	85,000	_____ %	2044	260,000	_____ %
2032	85,000	_____ %	2045	260,000	_____ %
2033	90,000	_____ %	2046	270,000	_____ %
2034	90,000	_____ %	2047	285,000	_____ %
2035	100,000	_____ %	2048	300,000	_____ %
2036	100,000	_____ %	2049	310,000	_____ %
2037	105,000	_____ %	2050	325,000	_____ %
2038	105,000	_____ %			

4. As set forth in the Official Notice of Sale, the Initial Purchaser has agreed in writing that, for each of the Unsold Maturities, the Initial Purchaser would neither offer nor sell any of the Bonds of such maturity to any person at a price that is higher than the initial offering price for each maturity, as set forth in the pricing wire or equivalent communication for the Bonds attached to this certificate, during the Offering Period (defined below) for such maturity, nor would the Initial Purchaser permit a related party to do so. Pursuant to such agreement, the Initial Purchaser has neither offered nor sold any of the Unsold Maturities at a price higher than the respective initial offering price for that maturity of the Bonds during the Offering Period.

5. The Initial Purchaser [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from \_\_\_\_\_ (the "Insurer") for a fee of \$ \_\_\_\_\_ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arms-length charge for the transfer of credit risk. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that had not been earned.

6. The term "public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter. A related party generally means two or more persons with greater than 50% common ownership, directly or indirectly.

7. The term "Sale Date" means the first date on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is July 11, 2025.

8. The term "Offering Period" means, with respect to an Unsold Maturity, the period beginning on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date or (b) the date on which the Initial Purchaser has sold at least 10% of such Unsold Maturity to the public at a price that is no higher than the initial offering price for such Unsold Maturity.

9. The undersigned has calculated the total underwriting spread on the Bonds to be \$ \_\_\_\_\_. As used herein, the term "total underwriting spread" means the cost for marketing and selling the Bonds and includes the following: (a) a total takedown of \$ \_\_\_\_\_, (b) a total management fee of \$ \_\_\_\_\_, (c) a total underwriting fee of \$ \_\_\_\_\_, and (d) other expenses in the total estimated amount of \$ \_\_\_\_\_.

The undersigned understands that the statements made herein will be relied upon by the District and Wallace & Philbin, LLP, in complying with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

EXECUTED AND DELIVERED this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
(Name of Initial Purchaser or Manager)

By: \_\_\_\_\_

Title: \_\_\_\_\_

## OFFICIAL BID FORM

July 10, 2025

President and Board of Directors  
Stanley Lake Municipal Utility District  
875 Lake View Drive  
Montgomery, Texas 77356

Board Members:

We have read in detail the Official Notice of Sale and Preliminary Official Statement, which are hereby made a part hereof, of Stanley Lake Municipal Utility District (the "District") relating to its \$4,000,000 Unlimited Tax Bonds, Series 2025 (the "Bonds"). We realize that the Bonds involve certain investment risks and that the ability of the District to service the Bonds depends, in part, on the investment considerations set forth in the Preliminary Official Statement dated June 30, 2025. We have made such inspections and investigations as we deem necessary relating to the investment quality of the Bonds. Accordingly, we offer to purchase the Bonds for a cash price of \$\_\_\_\_\_ (which represents \_\_\_\_\_% of the principal amount thereof), plus such Bonds bear interest at the following rates:

Maturity (July 1)	Principal Amount	Interest Rate	Maturity (July 1)	Principal Amount	Interest Rate
2026	\$ 85,000	_____ %	2039(a)	\$110,000	_____ %
2027	75,000	_____ %	2040(a)	105,000	_____ %
2028	75,000	_____ %	2041(a)	105,000	_____ %
2029	80,000	_____ %	2042(a)	255,000	_____ %
2030	80,000	_____ %	2043(a)	260,000	_____ %
2031	85,000	_____ %	2044(a)	260,000	_____ %
2032	85,000	_____ %	2045(a)	260,000	_____ %
2033	90,000	_____ %	2046(a)	270,000	_____ %
2034	90,000	_____ %	2047(a)	285,000	_____ %
2035(a)	100,000	_____ %	2048(a)	300,000	_____ %
2036(a)	100,000	_____ %	2049(a)	310,000	_____ %
2037(a)	105,000	_____ %	2050(a)	325,000	_____ %
2038(a)	105,000	_____ %			

- (a) The District reserves the right to redeem prior to maturity those Bonds maturing on and after July 1, 2036, in whole or, from time to time in part, on July 1, 2035, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

We hereby designate the following as term bonds with mandatory sinking redemptions.

Term Bonds Maturity Date (July 1)	Year of First Mandatory Redemption	Principal Amount of Term Bonds	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

Our calculation (which is not a part of this bid) of the interest costs from the above is:

Total Interest Cost from Date of Delivery ..... \$ \_\_\_\_\_  
 Plus: Dollar Amount of Discount OR Less: Dollar Amount of Premium ..... \$ \_\_\_\_\_  
 NET INTEREST COST ..... \$ \_\_\_\_\_  
 NET EFFECTIVE INTEREST RATE ..... \_\_\_\_\_ %

As a part of our bid, we agree to pay the premium of \$ \_\_\_\_\_ for the municipal bond guaranty insurance issued by \_\_\_\_\_ and the additional rating agency fee(s), if any, of \$ \_\_\_\_\_.

We will require \_\_\_\_\_ copies of the final Official Statement for dissemination to potential purchasers of the Bonds (not to exceed 250 copies). By our submission of this bid, we agree to provide such copies of the final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale, and to undertake the obligations of the Initial Purchaser described therein, as contemplated by United States Securities and Exchange Commission Rule 15c2-12 of the Securities Exchange Act.

Cashier's Check No. \_\_\_\_\_, issued by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and payable to your order in the amount of \$80,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as a Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions stated in the Official Notice of Sale, this check shall be cashed and the proceeds retained by the District as complete liquidated damages against the Initial Purchaser. The Good Faith Deposit will be returned to the Initial Purchaser uncashed on the date of delivery of the Bonds.

We agree to accept delivery of and make payment for the initial Bond in immediately available funds at the corporate trust office of Regions Bank, an Alabama state banking corporation, Houston, Texas, not later than 1:00 P.M., Houston, Texas time, on August 7, 2025, or thereafter on the date the Bonds are tendered for delivery pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the applicable form accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

We hereby represent that sale of the Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws and regulations of the jurisdictions in which the Bonds are offered or sold.

By executing this Official Bid Form, the bidder represents and verifies that, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on this Official Bid Form is a Company<sup>1</sup> that boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

Additionally, by executing this Official Bid Form, the bidder also represents and certifies that, at the time of execution and delivery of its bid, neither the bidder nor a syndicate member listed on this Official Bid Form is a Company<sup>2</sup> (i) that engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) listed by the Texas Comptroller of Public Accounts under Section 2270.0201 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code. The undersigned agrees to execute, at the request of the District, further written certifications as may be necessary or convenient for the District to establish compliance with these laws.

Additionally, by executing this Official Bid Form, the bidder also represents and verifies that, on behalf of itself and each syndicate member listed on this Official Bid Form that, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on this Official Bid Form is a Company<sup>1</sup> that boycotts or will boycott energy companies. The terms "boycotts energy companies" and "boycott energy companies" as used in this paragraph have the meaning assigned to the term "boycott energy company" in Section 809.001 of the Texas Government Code, as amended.

Additionally, by executing this Official Bid Form, the bidder also represents and verifies that, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on this Official Bid Form is a Company<sup>1</sup> that has a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association or will discriminate against a firearm entity or firearm trade association. The term "discriminates against a firearm entity or firearm trade association" as used in this paragraph has the meaning assigned to the term "discriminate against a firearm entity or firearm trade association" in Section 2274.001(3) of the Texas Government Code.

Notwithstanding anything contained herein, the bidder agrees that liability for breach of verification of the statutory representations and covenants provided above as required by Chapters 2252, 2271, 2274 and 2276 of the Texas Government Code during the term of the contract shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the contract.

By submitting a bid, the bidder makes and certifies to the representations necessary and convenient for the compliance with the aforementioned laws and, at the request of the District, agrees to execute further written certifications as may be necessary or convenient for the District to establish compliance with the aforementioned laws.

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<sup>1</sup> "Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit, but does not mean a sole proprietorship.

<sup>2</sup> "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.



Respectfully submitted,

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

**ACCEPTANCE CLAUSE**

The above and foregoing bid is hereby in all things accepted by Stanley Lake Municipal Utility District on this 11<sup>th</sup> day of July, 2025.

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

\_\_\_\_\_  
President, Board of Directors

Return of the \$80,000 Good Faith Deposit is hereby acknowledged:

Firm: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

**\$4,000,000**  
**STANLEY LAKE MUNICIPAL UTILITY DISTRICT**  
**UNLIMITED TAX BONDS**  
**SERIES 2025**

**BOND YEARS**

Dated Date: August 1, 2025  
Interest accrues from: August 7, 2025

Due: July 1, as shown below

Year	Amount	Bond Years	Accumulated Bond Years
2026	\$ 85,000	76.5000	76.5000
2027	75,000	142.5000	219.0000
2028	75,000	217.5000	436.5000
2029	80,000	312.0000	748.5000
2030	80,000	392.0000	1,140.5000
2031	85,000	501.5000	1,642.0000
2032	85,000	586.5000	2,228.5000
2033	90,000	711.0000	2,939.5000
2034	90,000	801.0000	3,740.5000
2035	100,000	990.0000	4,730.5000
2036	100,000	1,090.0000	5,820.5000
2037	105,000	1,249.5000	7,070.0000
2038	105,000	1,354.5000	8,424.5000
2039	110,000	1,529.0000	9,953.5000
2040	105,000	1,564.5000	11,518.0000
2041	105,000	1,669.5000	13,187.5000
2042	255,000	4,309.5000	17,497.0000
2043	260,000	4,654.0000	22,151.0000
2044	260,000	4,914.0000	27,065.0000
2045	260,000	5,174.0000	32,239.0000
2046	270,000	5,643.0000	37,882.0000
2047	285,000	6,241.5000	44,123.5000
2048	300,000	6,870.0000	50,993.5000
2049	310,000	7,409.0000	58,402.5000
2050	325,000	8,092.5000	66,495.0000

Total Bond Years: 66,495.0000

Average Maturity: 16.624 years

## PRELIMINARY OFFICIAL STATEMENT DATED JUNE 30, 2025

*This Preliminary Official Statement is subject to completion and amendment and is intended for the solicitation of initial bids to purchase 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 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; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2023. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

**The District will designate the Bonds as "qualified tax-exempt obligations for financial institutions." See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."**

**NEW ISSUE: BOOK-ENTRY-ONLY**

**RATINGS: S&P Global Ratings ..... "A" (stable outlook)**  
See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein

**\$4,000,000**

### STANLEY LAKE MUNICIPAL UTILITY DISTRICT

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

### UNLIMITED TAX BONDS, SERIES 2025

Dated: August 1, 2025

Due: July 1, as shown below

Interest Accrues from Delivery Date

The \$4,000,000 Stanley Lake Municipal Utility District Unlimited Tax Bonds, Series 2025 (the "Bonds") are obligations of Stanley Lake Municipal Utility District (the "District") and are not obligations of the State of Texas, Montgomery County, Texas, the City of Conroe, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Montgomery County, Texas, or the City of Conroe, Texas, is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds accrues from the date of initial delivery (the "Delivery Date"), and is payable January 1, 2026, and on each July 1 and January 1 thereafter until the earlier of maturity or redemption. The Bonds maturing on and after July 1, 2036 shall be subject to redemption and payment at the option of the District, in whole, or from time to time, in part, on July 1, 2035, 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 – Optional Redemption" herein.

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will be responsible for distributing the principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interest in the Bonds. See "THE BONDS – Book-Entry-Only System" herein. Unless otherwise agreed between the Paying Agent, Regions Bank, an Alabama state banking corporation, Houston, Texas, interest on the Bonds is payable by check or draft of the Paying Agent, dated as of the interest payment date and mailed by the Paying Agent to each Bondholder, as shown on the records of the Registrar on the close of business on the 15<sup>th</sup> day of the calendar month next preceding each interest payment date (the "Record Date"). The Bonds will be issued only in fully registered form in denominations of \$5,000 of principal amount, or any integral multiple thereof.

The Bonds will mature in the amounts and on the dates and will bear interest at the rates and be reoffered as set forth below.

#### AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIP NUMBERS

Maturity July 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. 854540 (b)	Maturity July 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Nos. 854540 (b)
2026	\$ 85,000	%	%		2039(c)	\$110,000	%	%	
2027	75,000				2040(c)	105,000			
2028	75,000				2041(c)	105,000			
2029	80,000				2042(c)	255,000			
2030	80,000				2043(c)	260,000			
2031	85,000				2044(c)	260,000			
2032	85,000				2045(c)	260,000			
2033	90,000				2046(c)	270,000			
2034	90,000				2047(c)	285,000			
2035	100,000				2048(c)	300,000			
2036(c)	100,000				2049(c)	310,000			
2037(c)	105,000				2050(c)	325,000			
2038(c)	105,000								

(a) The yields of the Bonds were established by and are the sole responsibility of the Initial Purchaser (as defined herein), and may subsequently be changed. The yields indicated above represent the lower of the yields resulting when priced to maturity or the first call date.

(b) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. All rights reserved. CUSIP® data herein provided is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor (defined herein), the Initial Purchaser, or their agents or counsel assume responsibility for the accuracy of such numbers.

(c) The Bonds maturing on July 1, 2036 and thereafter, are subject to redemption on July 1, 2035 or any date thereafter, at the option of the District, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption."

Proceeds from the sale of the Bonds will be used to pay the construction costs associated with the projects set out herein under "THE BONDS – Use and Distribution of Bond Proceeds." In addition, proceeds from the sale of the Bonds will be used to pay costs of issuance associated with the Bonds. Following the issuance of the Bonds, \$16,452,127 in principal amount of unlimited tax bonds authorized by the District's voters will remain unissued, all of which may also be used for refunding purposes. See "THE BONDS – Use and Distribution of Bond Proceeds."

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

The Bonds are offered when, as and if issued, subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Wallace & Philbin, LLP, Houston, Texas, Bond Counsel for the District, as to the validity of the issuance of the Bonds under the Constitution and laws of the State of Texas. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel. See "LEGAL MATTERS." Delivery of the Bonds through DTC is expected to be on or about August 7, 2025.

**BIDS DUE: THURSDAY, JULY 10, 2025**

**AT 1:00 P.M., HOUSTON TIME**

**BIDS TO BE AWARDED: FRIDAY, JULY 11, 2025**

**AT 12:00 P.M., HOUSTON TIME**

This Preliminary Official Statement and the Information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

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

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Wallace & Philbin, LLP, 6363 Woodway, Suite 800, Houston, Texas 77057, upon payment of duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition of the District or other matters described herein since the date hereof.

NONE OF THE DISTRICT, THE FINANCIAL ADVISOR, THE INITIAL PURCHASER (DEFINED HEREIN) NOR BOND COUNSEL MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE ATTACHED APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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

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APPENDIX A – Audited Financial Statements of the District

## **INTRODUCTORY STATEMENT**

Information contained in this Official Statement, including Appendix A, has been obtained from Stanley Lake Municipal Utility District (the "District") in connection with the offering by the District of its \$4,000,000 Unlimited Tax Bonds, Series 2025 (the "Bonds") identified on the cover page hereof.

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

## **SALE AND DISTRIBUTION OF THE BONDS**

### **Award of the Bonds**

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest costs, which bid was tendered by \_\_\_\_\_ (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown on the cover page hereof at a price of \_\_\_\_% of the principal amount thereof, which resulted in a net effective interest rate of \_\_\_\_%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

### **Prices and Marketability**

The delivery of the Bonds is conditioned upon the receipt by the District of certificates executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bondhouse, broker or similar person acting in the capacity of underwriter or wholesaler. The District has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Initial Purchaser at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

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

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

### **Securities Laws**

No registration statement relating to the Bonds has been filed with the United States 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 acts of any jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds 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 jurisdictions.



## **MUNICIPAL BOND INSURANCE**

The District has made applications for commitments to provide municipal bond insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies, other than S&P Global Ratings ("S&P"), will be at the option and expense of the Initial Purchaser.

### **BOND INSURANCE RISK FACTORS**

*The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The following are risk factors relating to bond insurance.*

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

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

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

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

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

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

### **RATINGS**

The Bonds are expected to receive an insured rating of "\_\_\_" from S&P Global Ratings ("S&P") solely in reliance upon the issuance of the municipal bond insurance policy issued by \_\_\_\_\_ at the time of delivery of the Bonds. S&P has assigned an underlying credit rating of "A" (stable outlook) to the Bonds.

An explanation of such ratings may be obtained from S&P at 55 Water Street, New York, New York 10041. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the applicable rating agency, if, in their judgment, circumstances so warrant. Any such revisions or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned the Bonds other than the rating of S&P. See "MUNICIPAL BOND INSURANCE."

*[Remainder of Page Intentionally Left Blank]*

## OFFICIAL STATEMENT SUMMARY

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

The Issuer .....	Stanley Lake Municipal Utility District (the "District"), a political subdivision of the State of Texas, is located in Montgomery County, Texas. See "THE DISTRICT."
The Bonds.....	\$4,000,000 Unlimited Tax Bonds, Series 2025 (the "Bonds"), are dated August 1, 2025 and mature July 1 in each of the years and in the amounts shown on the cover page hereof. Interest on the Bonds accrues from the date of initial delivery (the "Delivery Date"), and is payable initially on January 1, 2026, and on each July 1 and January 1 thereafter until the earlier of maturity or prior redemption. See "THE BONDS - Description."
Other Characteristics .....	The Bonds are issued in fully registered form in integral multiples of \$5,000. The Bonds maturing on and after July 1, 2036 are subject to redemption prior to maturity from time to time, at the option of the District, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date of redemption, on July 1, 2035 or any date thereafter. See "THE BONDS – Optional Redemption."
Paying Agent/Registrar.....	The initial paying agent/registrar is Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). The District intends to use the book-entry-only system of The Depository Trust Company ("DTC"), but reserves the right on its behalf or on behalf of the DTC to discontinue such system. (See "THE BONDS - Book-Entry-Only System.")
Source of Payment.....	The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of Montgomery County, the City of Conroe, the State of Texas, or any entity other than the District. See "THE BONDS - Source of Payment."
Payment Record.....	The District has never defaulted in the timely payment of the principal of and interest on its outstanding bonds.
Authority for Issuance .....	The Bonds are issued pursuant to an order (the "Bond Order") to be adopted by the Board on the date of the sale of the Bonds; Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; an order of the Texas Commission on Environmental Quality (the "TCEQ"); and elections authorizing issuance of bonds. See "THE BONDS – Authority for Issuance."
Use of Proceeds .....	Proceeds from the sale of the Bonds will be used to reimburse Lake Conroe Holdings, LLC, for the construction costs associated with the projects set out herein under "THE BONDS – Use and Distribution of Bond Proceeds." In addition, proceeds from the sale of the Bonds will be used to pay costs of issuance associated with the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."
Outstanding Bonds .....	The District has previously issued \$3,150,000 Waterworks and Sewer System Unlimited Tax and Revenue Bonds, Series 1973 (the "Series 1973 Bonds"); \$125,000 Waterworks Unlimited Tax and Revenue Bonds, Series 1992 (the "Series 1992 Bonds"); \$85,000 Sewer System Unlimited Tax and Revenue Bonds, Series 1992A (the "Series 1992A Bonds"); \$2,610,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue and Refunding Bonds, Series 1997 (the "Series 1997 Bonds"); \$1,900,000 Waterworks and Sewer

System Combination Unlimited Tax and Revenue Bonds, Series 1998 (the "Series 1998 Bonds"); \$3,440,000 Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"); \$5,400,000 Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"); \$4,745,000 Unlimited Tax Refunding Bonds, Series 2011 (the "Series 2011 Bonds"); \$5,370,000 Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"); \$6,390,000 Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"); \$4,900,000 Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Bonds"); and \$4,780,000 Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"). As of May 1, 2025, \$19,725,000 principal amount of the bonds issued by the District remain outstanding (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."

Tax Exemption .....	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 (the "Code"), subject to the matters described under "TAX MATTERS" herein, and (ii) is excludable from gross income for federal income tax purposes under existing law and the Bonds are not "private activity bonds." See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.
Qualified Tax-Exempt Bonds .....	The District will designate the Bonds as qualified tax-exempt obligations for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."
Municipal Bond Rating .....	S&P Global Ratings ("S&P"), has assigned an underlying rating to the Bonds of "A" (stable outlook). An explanation of the ratings may be obtained from S&P, 55 Water Street, New York, New York 10041. The fees associated with the ratings assigned to the District by S&P will be paid by the District; however, the fee associated with the ratings provided by other agencies, if any, will be at the expense of the Initial Purchaser. See "RATINGS."
Municipal Bond Insurance .....	Applications have been made to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than S&P Global Ratings ("S&P"), will be at the option and expense of the Initial Purchaser. See "MUNICIPAL BOND INSURANCE."
Bond and Tax Opinion .....	Wallace & Philbin, LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS."
Disclosure Counsel .....	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

#### **THE DISTRICT**

Description .....	Stanley Lake Municipal Utility District, a political subdivision of the State of Texas located within Montgomery County contains approximately 941.5507 acres located approximately 12.5 miles west of the central business district of Conroe, Texas. The District lies entirely within the extraterritorial jurisdiction of the City of Conroe (the "City") and is located within Montgomery Independent School District. The Defined Area (hereinafter defined) is located entirely within the bounds of the District. See "THE DISTRICT - General" and "- Description."
Authority.....	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities, or services that primarily benefit that area. On August 11, 2023, the District took action to proceed with the creation of a defined area encompassing approximately 72.34 acres within the District (the "Defined Area"), which was confirmed by the District voters at an election on November 7, 2023. See "THE DEFINED AREA."

Status of Development..... According to the District's Engineer, as of May 9, 2025, underground water supply and distribution, wastewater collection, wastewater lift station and force main, storm drainage and street paving has been completed to serve approximately 528 acres of residential property (1,587 single-family lots) and approximately 327 acres of commercial property within the District. As of such date, the District contains 1,587 single-family homes and townhomes and 100 vacant developed lots.

The District includes the residential subdivisions of Cape Conroe, Harbor Point; Strawberry Hill Estates; Stewart Hills; Riverstone Pointe; Blue Heron Bay, South Shore Estates, The Reserve on Lake Conroe; La Vie; and The Cliffs at South Shore. Primary residences make up approximately 85% of homeownership and approximately 15% are secondary homes. There are approximately 100 vacant developed lots within the district, the majority of which are owned by individuals. New home construction is conducted on such lots owned by individuals using independent builders or, from time to time, by home construction companies that purchase lots and construct homes thereon. There are currently two developments under construction within the District, Lakeside Conroe (formerly The Reserve on Lake Conroe or Crescent Cove) and Walden Creek subdivision (within the Defined Area).

Residential development within the District also includes a multi-family 214-unit apartment complex known as the Montgomery Trace Apartments on 8.685 acres. Stewart Creek Apartments, a 50-unit apartment complex, has been constructed on 4.632 acres in the District. Additionally, Snug Harbor Condominiums is a 63-unit condominium multi-family property located on 4.748 acres in the District.

La Vie, Section 1 was developed on 2.385 acres and consists of 12 lake front townhomes. The townhomes are priced from the mid-\$900,000. Section 2 is platted on 4.933 acres and consists of 14 single family residential lots. Section 2 will be served as out-of-district until it is annexed into the District.

The Defined Area is being developed as Walden Creek by Shonaz, LLC, for about 250 homes on 72.34 acres. It is currently under design with utility and road construction estimated to be completed in late 2025. Home construction is expected to begin in early 2026 with the first sales occurring in mid 2026 and full buildout in late 2027.

The developer, Shonaz, LLC, owns an additional 14.06 acre parcel of land abutting the Defined Area on the east which will be developed for high-density multi-family residential by a separate contract. Utilities for the multi-family tract will be connected to the Defined Area, but will not be reimbursed as part of the Defined Area.

Commercial development in the District has been undertaken on approximately 327 acres of unrestricted commercial reserves subdivided as Blue Heron Bay, Montgomery Business Park, South Shore Plaza, Sunrise Ranch, Walden Road Business Park, Western Hills, and other separate commercial tracts. Commercial development includes retail shopping, such as Wal-Mart, Tractor Supply and True Value, restaurants, medical offices, banking centers, car washes and a data center called Data Journey.

Although the foregoing description of the above-ground improvements that are located within the District is accurate as of the date of this Official Statement, the District cannot represent the composition thereof in the future, nor can the District represent that any particular level of occupancy of such improvements will continue in the future.

The District serves portions of commercial land located within the City of Conroe, which due to a prior annexation by the City, bisects the District. These properties are served under separate agreements. Currently, there are approximately 126 acres within the District which are developable but undeveloped. The remaining approximately 27 acres are available for either commercial or residential development. Such undeveloped acres are owned by multiple parties, none of which has reported any definitive development plan for its undeveloped acres to the District.

There is no commitment by or legal requirement of any party to proceed at any particular rate or according to any specified plan with the development of land within the District or of any homebuilder to proceed at any particular pace with the construction of homes in the District, and there is no restriction on any land owner's right to sell its land. Therefore the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. Furthermore, no representations can be made by the District whether any commercial development will be conducted in the District in addition to the commercial development which has occurred therein to date, or as to any level of occupancy of any of above-ground improvements which have been constructed in the District.

Amenities which have been constructed within the District include a clubhouse, private marina, swimming pool, tennis court, a pavilion, boat launch and fishing pier. The District contains approximately 5 miles of shore line on Lake Conroe.

#### **INVESTMENT CONSIDERATIONS**

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS."

- Selected Financial Information -  
(Unaudited)

2024 Assessed Valuation..... (100% of market value as of January 1, 2024) See "TAX DATA" and "TAXING PROCEDURES."	\$ 727,221,349 (a)
Direct Debt:	
Outstanding Bonds (as of May 1, 2025).....	\$ 19,725,000
The Bonds .....	<u>4,000,000</u>
Total .....	<u>\$ 22,725,000</u>
Estimated Overlapping Debt.....	<u>\$ 37,718,240 (b)</u>
Total Direct and Estimated Overlapping Debt.....	<u>\$ 61,443,240</u>
Ratio of Direct Debt to: As a percentage of 2024 Assessed Valuation (\$727,221,349) See "DISTRICT DEBT."	3.26 %
Ratio of Direct and Estimated Overlapping Debt to: As a percentage of 2024 Assessed Valuation (\$727,221,349) See "DISTRICT DEBT."	8.45 %
Debt Service Fund Balance (as of June 20, 2025) .....	\$ 1,978,581 (c)
General Fund Balance (as of June 20, 2025) .....	3,121,768 (c)
Capital Projects Fund Balance (as of June 20, 2025) .....	-0-
2024 Tax Rate per \$100 of Assessed Valuation	
Debt Service .....	\$0.2150 (d)
Maintenance and Operations .....	<u>0.1975</u>
Total.....	\$ 0.4125 (e)
Average Percentage of Total Tax Collections (2019-2023)	99.74 %
Estimated Average Annual Debt Service Requirements of the Bonds and the Outstanding Bonds (2025-2050).....	\$ 1,300,014 *
Estimated Maximum Annual Debt Service Requirements of the Bonds and the Outstanding Bonds (2035) .....	\$ 1,704,869 *
Tax Rate per \$100 of Assessed Valuation required to pay Estimated Average Annual Debt Service Requirements of the Bonds and the Outstanding Bonds (2025-2050) based upon 2024 Assessed Valuation (\$727,221,349) at 97% tax collections .....	\$ 0.1843
Tax Rate per \$100 of Assessed Valuation required to pay Estimated Maximum Annual Debt Service Requirements of the Bonds and the Outstanding Bonds (2035) based upon 2024 Assessed Valuation (\$727,221,349) at 97% tax collections .....	\$ 0.2417
Number of Single-Family Housing Units as of May 9, 2025 .....	1,587

\* Preliminary, subject to change.

- (a) As certified by the Montgomery Central Appraisal District (the "Appraisal District"). All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year. The District's tax roll is certified by the Appraisal Review Board.
- (b) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

- (c) Unaudited. Neither Texas law nor the Bond Order requires that any particular amount be maintained in the Debt Service Fund or General Fund at any time. In addition, one year of capitalized interest on the Bonds will be deposited in the Debt Service Fund.
- (d) The Texas Commission on Environmental Quality (the "TCEQ") in its order authorizing the District to issue the Bonds advised the District to levy a debt service tax rate of \$0.2275 per \$100 of assessed valuation. Based on the District's current debt service fund balance, the District intends to levy a debt service tax rate of \$0.2150 per \$100 assessed valuation.
- (e) Represents the tax levied by the District upon taxable property located within the entire District, including the Defined Area, the proceeds of which are available for payment of debt service on the Outstanding Bonds and the Bonds. This tax is separate from the debt service and maintenance taxes that are levied by the District upon taxable property located only within the Defined Area for payment of debt service on the Defined Area Bonds. For 2024, the District levied a Defined Area tax rate of \$1.0875 per \$100 of assessed valuation for operating and maintenance purposes. As Defined Area bonds are issued in the future to reimburse the developer for capital improvements, the Defined Area tax rate will be adjusted to provide a sufficient rate for debt service on the Defined Area bond and a sufficient rate for operating and maintenance purposes, while the overall Defined Area tax rate will remain at approximately \$1.0875 per \$100 of assessed valuation. Proceeds of taxes levied by the District for payment of debt service on the Defined Area Bonds may not be used for payment of debt service on the Bonds or the Outstanding Bonds. See "TAX DATA – Estimated Overlapping Taxes."

*[Remainder of Page Intentionally Left Blank]*



**\$4,000,000**  
**STANLEY LAKE MUNICIPAL UTILITY DISTRICT**  
(A political subdivision of the State of Texas located within Montgomery County)

**UNLIMITED TAX BONDS, SERIES 2025**

**INTRODUCTION**

This Official Statement and the Appendix hereto provide certain information with respect to the issuance by Stanley Lake Municipal Utility District (the "District") in connection with the offering by the District of its \$4,000,000 Unlimited Tax Bonds, Series 2025 (the "Bonds").

The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), the Texas Constitution, the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended, and an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"); and an election held within the District.

There follows in this Official Statement descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District, c/o Wallace & Philbin, LLP ("Bond Counsel"), 6363 Woodway, Suite 800, Houston, Texas 77057, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

**THE BONDS**

**Description**

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

The Bonds will accrue interest from the Delivery Date, as defined on the cover page of this Official Statement, and such interest is payable initially on January 1, 2026, and each July 1 and January 1 thereafter until the earlier of maturity or prior redemption. The Bonds mature on July 1 in each of the years and in the amounts set forth on the cover page hereof. The Bonds are issued in fully registered form in denominations of \$5,000 each or any multiple thereof. Principal of the Bonds is payable at the principal payment office of Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. The record date (the "Record Date") for the interest payable on any interest payment date means the last business day of the month next preceding such interest payment date. The Bonds initially will be registered only to Cede & Co., the nominee of The Depository Trust Company pursuant to the Book- Entry-Only System described below.

In the event the Book-Entry-Only-System is discontinued, the Bonds may be transferred and exchanged on the bond register kept by the Paying Agent/Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity in any authorized denomination upon surrender of the Bonds to be exchanged at the principal payment office of the Paying Agent/Registrar. No service charge will be made for any transfer, but the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

**Optional Redemption**

The Bonds maturing on July 1, 2036 and thereafter are subject to optional redemption prior to maturity, in whole or in part, on July 1, 2035, or any date thereafter, at the option of the District at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date of redemption. If fewer than all of the Bonds are redeemed at any time, the maturities of Bonds to be redeemed shall be selected by the District. If fewer than all of a maturity of Bonds is to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot or other customary method that results in random selection, the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum

thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

### **Book-Entry-Only System**

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

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

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

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

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

Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable dates 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

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

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

#### **Successor Paying Agent/Registrar**

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor paying agent/registrar (the "Successor Paying Agent/Registrar"), and the Successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Successor Paying Agent/Registrar selected by the District shall be a commercial bank or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and service or paying agent/registrar for the Bonds.

## **Registration, Transfer and Exchange**

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

## **Replacement of Bonds**

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

## **Payment Record**

The District has never defaulted in the timely payment of the principal of and interest on its previously issued bonds.

## **Outstanding Bonds**

The District has previously issued \$3,150,000 Waterworks and Sewer System Unlimited Tax and Revenue Bonds, Series 1973 (the "Series 1973 Bonds"); \$125,000 Waterworks Unlimited Tax and Revenue Bonds, Series 1992 (the "Series 1992 Bonds"); \$85,000 Sewer System Unlimited Tax and Revenue Bonds, Series 1992A (the "Series 1992A Bonds"); \$2,610,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue and Refunding Bonds, Series 1997 (the "Series 1997 Bonds"); \$1,900,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1998 (the "Series 1998 Bonds"); \$3,440,000 Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"); \$5,400,000 Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"); \$4,745,000 Unlimited Tax Refunding Bonds, Series 2011 (the "Series 2011 Bonds"); \$5,370,000 Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"); \$6,390,000 Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"); \$4,900,000 Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Bonds"); and \$4,780,000 Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"). As of May 1, 2025, \$19,725,000 principal amount of the bonds issued by the District remain outstanding (the "Outstanding Bonds").

The Bonds and the Outstanding Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, and any additional bonds that the District may issue hereafter for the purpose of constructing facilities that serve the District.

The District has not issued unlimited tax bonds for the Defined Area ("Defined Area Bonds"). The Defined Areas Bonds will be secured by the proceeds of taxes levied upon taxable property located only within the Defined Area in the District. All such taxes levied by the District upon the Defined Area are in addition to the taxes levied by the District upon all taxable property within the entire District, including the Defined Area. Proceeds of taxes levied by the District for payment of debt service on Defined Area Bonds may not be used for payment of debt service on the Bonds or the Outstanding Bonds. See "THE DEFINED AREA" for a discussion of the Defined Area Bonds.

### **Authority for Issuance**

The Bonds are issued out of a total principal amount of \$26,600,000 unlimited tax bonds authorized at an election held within the District for that purpose on November 3, 2015. Following the issuance of the Bonds, \$16,452,127 of the principal amount of unlimited tax bonds for facilities will remain authorized but unissued pursuant to such election. All of such bonds may also be issued for refunding purposes. See "- Issuance of Additional Debt" below.

The Bonds are issued pursuant to an Order of the Texas Commission on Environmental Quality (the "TCEQ"); the Bond Order; Chapters 49 and 54 of the Texas Water Code, as amended; Article XVI, Section 59, of the Texas Constitution, and general laws of the State of Texas.

### **Source of Payment**

The Bonds, when issued, will constitute valid and binding obligations of the District, and the principal thereof and the interest thereon, together with the principal and interest on the Outstanding Bonds and such additional tax bonds of the District as may hereafter be authorized by District voters, if any, and subsequently issued, are payable from and secured by the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District including property within the Defined Area. The District has the authority to levy an annual ad valorem tax without legal limitation as to rate or amount on all taxable property within the District including property within the Defined Area for each year the Bonds are outstanding. In the Bond Order, the District has covenanted to establish a rate of taxation each year ample and sufficient to provide funds to pay the interest on the Bonds and to pay the principal when due, full allowance being made for delinquencies and costs of collection. Taxes separately levied for the repayment of Defined Area Bonds are not pledged to the repayment of the Outstanding Bonds or the Bonds.

The Bonds are solely obligations of Stanley Lake Municipal Utility District and are not obligations of the State of Texas, Montgomery County, Texas, the City of Conroe, Texas, or any political subdivision or agency other than the District.

### **Defeasance**

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current 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 or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book-entry form and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds shall no longer be regarded 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: (a) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (b) 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 (c) 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. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

#### **Amendments to Bond Order**

The Bond Order contains provisions that the District may, without consent of or notice to any Registered Owner of the Bonds, amend, change or modify the Bond Order as may be required (a) by the provisions thereof, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission therein, or (c) in connection with any other change which is not to the prejudice of the Registered Owners of the Bonds. Except for such amendments, changes, or modifications, the District shall not amend, change or modify the Bond Order in any manner without the consent of the Registered Owners of the Bonds as described in the Bond Order. In addition, a state, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

#### **Replacement of Paying Agent/Registrar**

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. In order to act as registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking corporation organized 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.

#### **Issuance of Additional Debt**

The District has reserved the right in the Bond Order to issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created and for refunding purposes. The Bonds are issued out of the \$26,600,000 unlimited tax bonds authorized by the District voters for providing improvements and facilities. Following the issuance of the Bonds, the District will have the right to issue an additional \$16,452,127 in unlimited tax bonds for facilities as authorized by District voters, all of which may also be used for refunding purposes. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District.

Consistent with the creation of the Defined Area, voters of the District have authorized the District's issuance of \$18,300,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, maintaining, improving, or extending plants, facilities and improvements for the waterworks system, sanitary sewer system, and drainage and storm sewer systems of the District for the purposes of serving the Defined Area (the "Defined Area Utility System"), and for the refunding of such bonds, and the levy of an annual ad valorem tax, unlimited as to rate or amount, upon taxable property located within the Defined Area that is sufficient to provide for payment of bonds issued by the District for the Defined Area Utility System.

At the same election, voters of the District also authorized the District's issuance of \$9,700,000 principal amount of unlimited tax bonds for the purpose of constructing, acquiring, maintaining or improving roadways, causeways, bridges, interchanges, approaches, fixtures and necessary buildings and land interests for the purpose of serving the Defined Area (the "Defined Area Road System"), and for the refunding of such bonds, and the levy of an annual ad valorem tax, unlimited as to rate or amount, upon taxable property located within the Defined Area that is sufficient to provide for payment of bonds issued by the District for the Defined Area Road System.

Additionally, voters of the District also authorized the District's issuance of \$4,900,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks, landscaping, and landscaping projects within the Defined Area (the "Defined Area Park System"), and for the refunding of such bonds, and the levy of an annual ad valorem tax, unlimited as to rate or amount, upon taxable property located within the Defined Area that is sufficient to provide for payment of bonds issued by the District for the Defined Area Park System. See "THE DEFINED AREA."

Any bonds issued in the future for the Defined Area would be secured only by ad valorem tax revenues from property located within the Defined Area. The District anticipates issuing bonds for such purposes as future development in the District and the Defined Area necessitates. In the opinion of the Engineer, the amounts of remaining authorized but unissued bonds noted above will be sufficient to complete development of the District and the Defined Area. Developing environmental regulations and conversion to surface water could also result in the need to finance additional improvements.

## **Annexation and Consolidation**

Under Texas law, the territory within the District may be annexed by the City of Conroe, Texas (the "City") within whose extraterritorial jurisdiction the District lies, subject to compliance by such City with various requirements of Chapter 43, Texas Local Government Code, as amended. If the District is abolished, the City must assume the assets, functions and obligations of the District, including the Bonds. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, no representation is made concerning the likelihood of annexation by the City. Moreover no representation is made as to the ability of the City to make debt service payments should annexation occur.

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.

## **Strategic Partnership Agreement**

Under Texas law, a district is authorized to enter into a strategic partnership agreement with another political subdivision, such as a city, to set forth the services that 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, or any portion thereof, were to be annexed for full or limited purposes by the city. The terms of any such agreement would be determined by the city and the district, and could provide for limitations on the timing of annexation of the district by the city, the continuation of the district as a limited district following general purpose annexation by the city, the conversion of a limited purpose annexation to a general purpose annexation, or the payment of a fee in lieu of annexation to be derived from residential property within the district based on the costs of providing municipal services to the district.

## **Registered Owners' Remedies**

The Bond Order provides that in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to levy adequate taxes to make such payments or to observe and perform other covenants, obligations or conditions in the Bond Order. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

The Bond Order provides no additional remedies to a Registered Owner. The Bond Order does not provide for the appointment of a trustee 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. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property within the District or sell property of the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 municipal bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below.

## **Bankruptcy Limitation to Registered Owners' Rights**

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. §901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature. The District may not be placed into bankruptcy involuntarily.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (a) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (b) all payments to be made in connection with the plan are fully disclosed and reasonable; (c) the District is not prohibited by law from taking any action necessary to carry out the plan; (d) administrative expenses are paid in full; and (e) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

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

Section 49.186 of the Texas Water Code provides as follows:

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

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

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

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## Use and Distribution of Bond Proceeds

The proceeds of the Bonds will be used by the District to reimburse Lake Conroe Holdings, LLC, for the construction and non-construction costs set out below.

### **CONSTRUCTION COSTS**

A. Developer Contribution Costs		
1. The Reserve on Lake Conroe - Water and Wastewater	\$	677,200
2. Original Lift Station Construction		198,000
3. Lift Station Upgrades		173,100
4. Clearing and Grubbing		28,700
5. Crescent Cove Section 3 - Water and Wastewater		32,700
6. Engineering		201,300
Total Developer Contribution Items:	\$	1,311,000
B. District Items		
1. Water Plant 3 - Add 2nd Grond Storage Tank	\$	820,000
2. Lake View Drive West - Ph. 1 - Reverse Grade Sanitary Sewer		750,000
3. Contingencies (10%)		157,000
4. Engineering and Testing (15%)		259,000
Total District Contribution Items:	\$	1,986,000

<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$</b>	<b>3,297,000</b>
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### **NON-CONSTRUCTION COSTS**

A. Legal Fees (2.50%)	\$	100,000
B. Fiscal Agent Fees (1.50%)		60,000
C. Interest Costs		
1. Capitalized Interest (12 Months at 4.75%)		190,000
2. Developer Interest (2 Years @ 4.75%)		124,550
D. Bond Discount (3.00%)		120,000
E. Administration, Organization, & Issuance Costs		54,450
F. Bond Application Costs (1.00%)		40,000
G. Attorney General Fee (0.10%)		4,000
H. TCEQ Bond Issuance Fee (0.25%)		10,000
<b>TOTAL NON-CONSTRUCTION COSTS</b>	<b>\$</b>	<b>703,000</b>

<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$</b>	<b>4,000,000</b>
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In the instance that approved estimated amounts exceed actual costs; the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer and others have advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

## DISTRICT DEBT

### General

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

2024 Assessed Valuation.....	\$	727,221,349 (a)
(100% of market value as of January 1, 2024)		
See "TAX DATA" and "TAXING PROCEDURES."		
Direct Debt:		
Outstanding Bonds (as of May 1, 2025).....	\$	19,725,000
The Bonds .....		<u>4,000,000</u>
Total .....	\$	<u>22,725,000</u>
Estimated Overlapping Debt.....	\$	<u>37,718,240 (b)</u>
Total Direct and Estimated Overlapping Debt.....	\$	<u>61,443,240</u>
Ratio of Direct Debt to: As a percentage of 2024 Assessed Valuation (\$727,221,349)		3.26 %
See "DISTRICT DEBT."		
Ratio of Direct and Estimated		
Overlapping Debt to: As a percentage of 2024 Assessed Valuation (\$727,221,349)		8.45 %
See "DISTRICT DEBT."		
Debt Service Fund Balance (as of June 20, 2025) .....	\$	1,978,581 (c)
General Fund Balance (as of June 20, 2025) .....		3,121,768 (c)
Capital Projects Fund Balance (as of June 20, 2025) .....		-0-
2024 Tax Rate per \$100 of Assessed Valuation		
Debt Service .....	\$0.2150 (d)	
Maintenance and Operations .....	<u>0.1975</u>	
Total.....	\$	\$0.4125 (e)
Average Percentage of Total Tax Collections (2019-2023)		99.74 %
Estimated Average Annual Debt Service Requirements of the Bonds and the		
Outstanding Bonds (2025-2050).....	\$	1,300,014 *
Estimated Maximum Annual Debt Service Requirements of the Bonds and the		
Outstanding Bonds (2035) .....	\$	1,704,869 *
Tax Rate per \$100 of Assessed Valuation required to pay Estimated Average		
Annual Debt Service Requirements of the Bonds and the Outstanding		
Bonds (2025-2050) based upon 2024 Assessed Valuation (\$727,221,349)		
at 97% tax collections .....	\$	0.1843
Tax Rate per \$100 of Assessed Valuation required to pay Estimated Maximum		
Annual Debt Service Requirements of the Bonds and the Outstanding		
Bonds (2035) based upon 2024 Assessed Valuation (\$727,221,349)		
at 97% tax collections .....	\$	0.2417
Number of Single-Family Housing Units as of May 9, 2025 .....		1,587

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\* Preliminary, subject to change.

- (a) As certified by the Montgomery Central Appraisal District (the "Appraisal District"). All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year. The District's tax roll is certified by the Appraisal Review Board.
- (b) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (c) Unaudited. Neither Texas law nor the Bond Order requires that any particular amount be maintained in the Debt Service Fund or General Fund at any time. In addition, one year of capitalized interest on the Bonds will be deposited in the Debt Service Fund.
- (d) The TCEQ in its order authorizing the District to issue the Bonds advised the District to levy a debt service tax rate of \$0.2275 per \$100 of assessed valuation. Based on the District's current debt service fund balance, the District intends to levy a debt service tax rate of \$0.2150 per \$100 assessed valuation.
- (e) Represents the tax levied by the District upon taxable property located within the entire District, including the Defined Area, the proceeds of which are available for payment of debt service on the Outstanding Bonds and the Bonds. This tax is separate from the debt service and maintenance taxes that are levied by the District upon taxable property located only within the Defined Area for payment of debt service on the Defined Area Bonds. For 2024, the District levied a Defined Area tax rate of \$1.0875 per \$100 of assessed valuation for operating and maintenance purposes. As Defined Area bonds are issued in the future to reimburse the developer for capital improvements, the Defined Area tax rate will be adjusted to provide a sufficient rate for debt service on the Defined Area bond and a sufficient rate for operating and maintenance purposes, while the overall Defined Area tax rate will remain at approximately \$1.0875 per \$100 of assessed valuation. Proceeds of taxes levied by the District for payment of debt service on the Defined Area Bonds may not be used for payment of debt service on the Bonds or the Outstanding Bonds. See "TAX DATA – Estimated Overlapping Taxes."

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## Pro-Forma Debt Service Requirements

The following sets forth the actual debt service requirements for the Outstanding Bonds and the estimated debt service requirements on the Bonds.

Calendar Year	Outstanding Debt Service Requirements	Plus: The Series 2025 Bonds			Total Debt Service Requirements*
		Principal (Due July 1)	Interest (a)*	Total*	
2025	\$ 1,443,369				\$ 1,443,369
2026	1,443,719	\$ 85,000	\$ 174,167	\$ 259,167	1,702,885
2027	1,441,906	75,000	185,963	260,963	1,702,869
2028	1,446,831	75,000	182,400	257,400	1,704,231
2029	1,445,019	80,000	178,838	258,838	1,703,856
2030	1,446,631	80,000	175,038	255,038	1,701,669
2031	1,446,606	85,000	171,238	256,238	1,702,844
2032	1,449,431	85,000	167,200	252,200	1,701,631
2033	1,451,356	90,000	163,163	253,163	1,704,519
2034	1,452,113	90,000	158,888	248,888	1,701,000
2035	1,450,256	100,000	154,613	254,613	1,704,869
2036	1,452,075	100,000	149,863	249,863	1,701,938
2037	1,451,950	105,000	145,113	250,113	1,702,063
2038	1,455,325	105,000	140,125	245,125	1,700,450
2039	1,457,050	110,000	135,138	245,138	1,702,188
2040	1,468,650	105,000	129,913	234,913	1,703,563
2041	1,473,750	105,000	124,925	229,925	1,703,675
2042	645,500	255,000	119,938	374,938	1,020,438
2043	652,800	260,000	107,825	367,825	1,020,625
2044	664,350	260,000	95,475	355,475	1,019,825
2045		260,000	83,125	343,125	343,125
2046		270,000	70,775	340,775	340,775
2047		285,000	57,950	342,950	342,950
2048		300,000	44,413	344,413	344,413
2049		310,000	30,163	340,163	340,163
2050		325,000	15,438	340,438	340,438
Totals	<u>\$26,638,688</u>	<u>\$4,000,000</u>	<u>\$3,161,679</u>	<u>\$7,161,679</u>	<u>\$33,800,367</u>

Estimated Average Annual Requirements (2025-2050).....

\$1,300,014\*

Estimated Maximum Annual Requirement (2035) .....

\$1,704,869\*

\* Preliminary, subject to change.

(a) Interest estimated at 4.75%, for illustrative purposes only.

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## Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Debt as of May 31, 2025	Percent	Overlapping
			Amount
Montgomery County	\$391,910,000	0.62%	\$ 2,429,842
Montgomery ISD	584,245,000	6.04	35,288,398
The Defined Area	-0-	100.00	<u>-0-</u>
TOTAL ESTIMATED OVERLAPPING			\$37,718,240
The District			<u>22,725,000 (a)</u>
Total Direct and Estimated Overlapping Debt			<u>\$61,443,240</u>

(a) Includes the Bonds.

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

## Debt Ratios

	% of 2024 Assessed Valuation
Direct Debt	3.26%
Direct and Estimated Overlapping Debt	8.45%

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien which is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administration and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy and collect ad valorem taxes for operation and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District in an amount not to exceed \$0.25 per \$100 assessed valuation.

## TAXING PROCEDURES

### Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate and amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds that the District may hereafter issue for the District as well as to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under the caption "THE BONDS – Source of Payment." In addition, the Board is authorized to levy separate annual ad valorem taxes, without legal limitation as to rate and amount, on all taxable property within only the Defined Area in sufficient amount to pay the principal of and interest on the Defined Area Bonds as described herein under "THE DEFINED AREA." The proceeds from such taxes levied by the District for payment of debt service on Defined Area Bonds are not available for payment of debt service on the Bonds or the Outstanding Bonds.

The Board is also authorized to levy and collect annual ad valorem taxes for the operation and maintenance of the District and its facilities and for the payment of certain contractual obligations if such taxes are authorized by vote of the District's electors at an election. The District's electors have authorized the levy of such a maintenance tax in the maximum amount of \$0.2500 per \$100 of assessed valuation for the entire District and an additional \$1.1500 per \$100 of assessed valuation in the Defined Area. In 2024, the District levied a maintenance tax upon all taxable property located in the District in the amount of \$0.1975 per \$100 of assessed valuation. In 2024, the District levied \$1.0875 for maintenance tax on the Defined Area. See "TAX DATA – Tax Rate Distribution."

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

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

### **Property Subject to Taxation by the District**

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. For 2025, the District granted an over 65/disabled exemption of \$25,000. In addition, 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 District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, to between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, (ii) a first responder as defined under the Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. 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 such property is acquired in or imported into Texas for assembling, storing, 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. 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. For the tax year 2025 and subsequent years, the District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

### **General Residential Homestead Exemption**

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the market value of residential homesteads, but not less than \$10,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For 2025, the District granted a general optional residential homestead exemption of 5% on the market value.

### **Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

### **District and Taxpayer Remedies**

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the appraisal district to comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

### **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.

*- 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 multi-family 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.

Additionally, Chapter 394 of the Texas Local Government Code, known as the Texas Housing Finance Corporations Act (the "HFC Act") provides for the formation of housing finance corporations ("HFCs") by municipalities and counties for the purpose of providing decent, safe, and sanitary housing at affordable prices to residents of local governments. Historically, HFCs could receive certain tax exemptions on qualified projects under the HFC Act, provided certain conditions are met under the HFC Act. This exemption applies to both ad valorem and sales taxes levied by taxing authorities where the qualified project is located. Subject to certain restrictions, a leasehold or other possessory interest granted by the HFC to the user of an HFC-owned multifamily residential development entitles that user to this same exemption. During the 89th Texas Legislature, Regular Session, House Bill 21 was passed by the Texas Legislature providing in part that such ad valorem tax exemptions do not apply to a conservation or reclamation district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, that provides water, sewer, or drainage service to the multifamily residential development owned by the HFC, unless the applicable HFC has entered into a written agreement with the district to make a payment to the district in lieu of taxation, in the amount specified in the agreement. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by an HFC.

*- 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 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 will be made by the Board of Directors on an annual basis. For the 2024 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developed 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.

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

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland. As of January 1, 2025, no lands in the District were designated for agricultural use, open space or timberland.

**Tax Abatement**

The City of Conroe and Montgomery County may designate all or part of the District as a reinvestment zone, and the District, Montgomery County, Montgomery Independent School District, and (if it were to annex the area) the City of Conroe may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may be exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, none of the area within the District has been designated as a reinvestment zone. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by other taxing jurisdictions.

**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. However, a person who is sixty-five (65) years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns and occupies the property as his residential homestead. 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. For those taxes billed at a later date and that

become delinquent on or after June 1, they will also incur an additional twenty percent (20%) penalty for collection costs of a delinquent tax attorney. 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, may be rejected.

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

Taxes levied by the District are a personal obligation of the person who owns or acquires the property on 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 taxes, penalties, and interest ultimately imposed for the year upon the property. The District's tax lien is on a parity with the tax liens of the other local jurisdictions levying taxes on property within the District. 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. In the absence of such federal law, the District's tax lien takes priority over a lien of the United States. In the event a taxpayer fails to make timely payment of taxes due the District, the District may file suit at any time after taxes become delinquent to foreclose its lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may also be adversely affected by the amount of taxes owed to other federal, state and local taxing jurisdictions, by the effects of market conditions on the foreclosure sales price, by the taxpayer's right to redeem the property (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 restrain or stay the collection of a taxpayer's 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.

### **TAX DATA**

#### **Debt Service Tax**

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds, the Bonds and any future tax-supported bonds which may be issued from time to time as authorized. The Board covenants in the Bond Order to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. The District levied a debt service tax for the 2024 tax year of \$0.2150 per \$100 of assessed valuation.

#### **Maintenance 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 a vote of the District's electorate. The District's electors have authorized the levy of such a maintenance tax in the maximum amount of \$0.2500 per \$100 of assessed valuation for the entire District and an additional \$1.1500 per \$100 of assessed valuation in the Defined Area. In 2024, the District levied a maintenance tax upon all taxable property located in the District in the amount of \$0.1975 per \$100 of assessed valuation. In 2024, the District levied \$1.0875 for maintenance tax on the Defined Area. See "TAX DATA – Tax Rate Distribution."

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## Tax Collection History

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

Tax Year	Assessed Valuation (a)	Tax Rate/ \$100 (b)	Adjusted Levy	Current Collections	Year Ending 9/30	% of Collections as of 9/30/2024
2015	\$375,379,254	\$0.5300	\$1,982,188	96.6%	2016	99.5%
2016	408,057,935	0.5300	2,143,086	98.8	2017	99.5
2017	418,445,996	0.5300	2,202,534	98.8	2018	99.8
2018	420,278,891	0.5500	2,280,168	99.7	2019	99.8
2019	439,313,649	0.5500	2,408,800	99.5	2020	99.8
2020	459,596,290	0.5448	2,487,492	99.6	2021	99.9
2021	496,106,755	0.5300	2,604,745	99.5	2022	99.8
2022	605,891,479	0.4600	2,697,868	99.6	2023	99.8
2023	659,088,294	0.4300	2,785,561	99.4	2024	99.4
2024	727,221,349	0.4125	3,011,204	97.5(c)	2025	97.5(c)

(a) Value may differ from those shown elsewhere in this Official Statement due to subsequent adjustments to the tax roll.

(b) Per \$100 of Assessed Valuation. See "- Tax Rate Distribution" below.

(c) Collections as of May 31, 2025.

## Tax Rate Distribution

The following sets out the components of the District's tax rate for each of tax years 2020-2024. The tax rates set forth below include only those taxes levied by the District upon all taxable property in the District. See "THE DEFINED AREA" for discussion of additional taxes levied by the District upon taxable property located only in the Defined Area.

	2024	2023	2022	2021	2020
Debt Service	\$0.2150	\$0.2250	\$0.2400	\$0.2900	\$0.3000
Maintenance	0.1975	0.2050	0.2200	0.2400	0.2448
Total	<u>\$0.4125</u>	<u>\$0.4300</u>	<u>\$0.4600</u>	<u>\$0.5300</u>	<u>\$0.5448</u>

## Analysis of Tax Base

The following table illustrates the District's total assessed value in the years 2020-2024 tax years by type of property.

Type of Property	2024 Assessed Value	2023 Assessed Value	2022 Assessed Value	2021 Assessed Value	2020 Assessed Value
Land	\$171,108,793	\$169,807,190	\$156,890,840	\$137,246,143	\$113,514,999
Improvements	604,504,863	539,330,700	505,497,351	366,914,702	350,104,507
Personal Property	49,087,583	41,161,384	32,623,614	33,727,175	32,108,990
Exemptions	(97,479,890)	(91,210,980)	(89,120,326)	(41,781,265)	(36,132,206)
Total	<u>\$727,221,349</u>	<u>\$659,088,294</u>	<u>\$605,891,479</u>	<u>\$496,106,755</u>	<u>\$495,596,290</u>

## Principal Taxpayers

Principal Taxpayer	Type of Property	2024 Taxable Assessed Valuation	2023 Taxable Assessed Valuation
Stewart Creek Partners	Real Estate	\$24,183,810	\$22,411,590
WB Conroe LLC	Real Estate	11,796,087	5,466,550
552 Club LLC (b)	Data Security Center	8,602,060	8,812,060
Tachus Infrastructure LLC	Technology	8,360,290	7,962,180
Eastpark Drive LLC	Real Estate	6,820,397	6,113,480
WB Churchill III LLC	Real Estate	5,737,481	(a)
Shonaz, LLC (c)	Real Estate	5,634,730	5,879,210
Channelview Investment Corp.	Real Estate	5,565,715	6,056,450
554 Club LLC (d)	Data Security Center	5,153,690	5,153,690
GHRS2	Storage	5,000,000	4,850,000
WB Opportunity II Holding LLC	Real Estate	(a)	5,569,190
Total Ten Principal Taxpayers		<u>\$86,854,260</u>	<u>\$78,274,400</u>
Percentage Ten Principal Taxpayers Comprise of Tax Roll		11.94%	11.88%

- (a) Not a principal taxpayer in such tax year.  
(b) Formerly Houston Bunker LLC.  
(c) Represents the Defined Area. Formerly GRR Properties.  
(d) Formerly Westland Bunker Two LLC.  
Source: Montgomery Central Appraisal District.

## Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 assessed valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2024 Assessed Valuation. The foregoing further assumes collection of 97% of taxes levied and the sale of no additional bonds:

Estimated Average Annual Debt Service Requirements (2025-2050).....	\$1,300,014 *
Tax Rate of \$0.185 on the 2024 Assessed Valuation (\$727,221,349) produces.....	\$1,304,999 *
Estimated Maximum Debt Service Requirement (2035).....	\$1,704,869 *
Tax Rate of \$0.242 on the 2024 Assessed Valuation (\$727,221,349) produces.....	\$1,707,079 *

## Estimated Overlapping Taxes

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

*[Remainder of Page Intentionally Left Blank]*

\* Preliminary, subject to change.

Set forth below is a compilation of all 2024 taxes levied by such jurisdictions per \$100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdictions	2024 Tax Rate/\$100
The District	\$0.4125
Montgomery County	0.3790
Montgomery County Emergency Service District #2	0.1000
Montgomery Independent School District	<u>1.0912</u>
Total Tax Rate for District Not in Defined Area	<u>\$1.9827</u>
 The Defined Area	 <u>\$1.0875</u>
Total Tax Rate for District Defined Area	<u>\$3.0702</u>

## THE DISTRICT

### General

The District is a municipal utility district created by an order of the Texas Water Rights Commission, a predecessor to the TCEQ, on November 21, 1972. The creation of the District was confirmed at an election held within the District on December 27, 1972. The District was created pursuant to the authority of Chapter 54, Texas Water Code, and Article XVI, Section 59 of the Texas Constitution. The rights, powers privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, including particularly Chapters 49 and 54, Texas Water Code, Vernon's Texas Codes Annotated, as amended. The District is subject to the continuing supervision of the TCEQ.

The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of stormwater. The District also contracts for solid waste disposal and collection services and operates and maintains recreational facilities.

The District is empowered, if approved by the electorate, and the TCEQ and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

### Description

As originally created, the District contained approximately 408 acres. Due to subsequent annexations, the District presently contains approximately 942 acres. On August 11, 2023, the Board of Directors took action to proceed with the creation of a defined area encompassing approximately 72.34 acres within the District (the "Defined Area"), which was confirmed by the District voters at an election on November 7, 2023. See "THE DEFINED AREA."

Under Texas law, an owner of land outside the boundaries of the District may petition to be annexed into the District, provided the annexation is found to be feasible and in the best interests of the District, and subject to review and approval by the City of Conroe and the United States Justice Department, however, no legal mechanism exists to annex land solely into the Defined Area. No representations can be made whether the District will annex additional tracts of land into its boundaries and, if it does, whether such annexed land will be successfully developed such that the additional bonded indebtedness of the District required to provide utility services to the land will be offset by the additional tax base produced by the development of taxable improvements.

The District is located in Montgomery County approximately 12.5 miles west of downtown Conroe. The District lies entirely within the extraterritorial jurisdiction of the City of Conroe and is located within the Montgomery Independent School District.

## Management of the District

The District is governed by a board of five directors which has control and management supervision over all affairs of the District. All of the present members of the Board reside within the District. Directors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board are listed below:

Name	Position	Term Expires May
Kerry Masson	President	2028
W. Bruce Douglass, Jr.	Vice President	2026
Michael Algermissen	Vice President	2028
Charles L. Laine, III	Secretary/Treasurer	2028
Torii Slezinsky	Assistant Secretary/Treasurer	2026

The District employs a general manager and three part-time employees. The District has also contracted for utility system operating, bookkeeping, tax assessing services and annual auditing of its books as follows:

**Tax Assessor/Collector** – The Tax Assessor/Collector for the District is hired by the Board of Directors each year. Tammy McRae, the Montgomery County Tax Assessor presently serves in this capacity.

**Bookkeeper** – The District has engaged L & S District Services, LLC, as the District's Bookkeeper.

**Utility System Operator** – The District has employed Hays Utility North Corporation to operate and maintain the District's water and sewer system (the "System").

**Auditor** – The District employed Knox Cox & Company, LLP, Certified Public Accountants, to audit its financial records for the fiscal year ended September 30, 2024. The District's financial statements for the year ended September 30, 2024 have been included as "Appendix A."

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

**Bond Counsel** – The District engages Wallace & Philbin, LLP, Houston, Texas, 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. Wallace & Philbin, LLP also acts as general counsel for the District.

**Disclosure Counsel** - McCall, Parkhurst & Horton L.L.P., Dallas, Texas, serves as Disclosure Counsel to the District ("Disclosure Counsel"). The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

**Financial Advisor** – The District has engaged BOK Financial Securities, Inc. as financial advisor (the "Financial Advisor") to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds.

## THE DEFINED AREA

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities, or services that primarily benefit that area. On August 11, 2023, the District approved the creation of a defined area encompassing approximately 72.34 acres (the "Defined Area"), and such creation was confirmed at an election within the Defined Area on November 7, 2023.

At an election within the District on November 7, 2023, the voters also authorized the District's issuance of \$18,300,000 principal amount of bonds to finance the Defined Area Utility System, the issuance of \$9,700,000 principal amount of bonds to finance the Defined Area Road System, as well as \$4,900,000 principal amount of

bonds to finance the Defined Area Park System. Bonds issued for the Defined Area are payable solely from the proceeds of taxes levied within the boundaries of the Defined Area and not on any other part of the District. To date, the District has not issued unlimited tax bonds for the Defined Area.

The voters also approved the levy of a maintenance tax, in an amount not to exceed \$1.15 per \$100 of assessed valuation, upon all taxable property located in the Defined Area. For tax year 2024, the District levied a Defined Area maintenance tax in the amount of \$1.0875 per \$100 of assessed valuation. All such taxes levied by the District upon the Defined Area are in addition to the taxes levied by the District upon all taxable property within the District, including the Defined Area. See "TAX DATA - Estimated Overlapping Taxes."

The Defined Area known as Walden Creek is being developed by Shonaz, LLC, for about 250 homes on 72.34 acres. It is currently under design with utility and road construction estimated to be completed in late 2025. Home construction is expected to begin in early 2026 with the first sales occurring in mid 2026 and full buildout in late 2027.

### **STATUS OF DEVELOPMENT**

According to the District's Engineer, as of May 9, 2025, underground water supply and distribution, wastewater collection, wastewater lift station and force main, storm drainage and street paving has been completed to serve approximately 528 acres of residential property (1,587 single-family lots) and approximately 327 acres of commercial property within the District. As of such date, the District contains 1,587 single-family homes and townhomes and 100 vacant developed lots.

The District includes the residential subdivisions of Cape Conroe, Harbor Point; Strawberry Hill Estates; Stewart Hills; Riverstone Pointe; Blue Heron Bay, South Shore Estates, The Reserve on Lake Conroe; La Vie; and The Cliffs at South Shore. Primary residences make up approximately 85% of homeownership and approximately 15% are secondary homes. There are approximately 100 vacant developed lots within the district, the majority of which are owned by individuals. New home construction is conducted on such lots owned by individuals using independent builders or, from time to time, by home construction companies that purchase lots and construct homes thereon. There are currently two developments under construction within the District, Lakeside Conroe (formerly The Reserve on Lake Conroe or Crescent Cove) and Walden Creek subdivision.

Residential development within the District also includes a multi-family 214-unit apartment complex known as the Montgomery Trace Apartments on 8.685 acres. Stewart Creek Apartments, a 50-unit apartment complex, has been constructed on 4.632 acres in the District. Additionally, Snug Harbor Condominiums is a 63-unit condominium multi-family property located on 4.748 acres in the District.

La Vie, Section 1 was developed on 2.385 acres and consists of 12 lake front townhomes. The townhomes are priced from the mid-\$900,000. Section 2 is platted on 4.933 acres and consists of 14 single family residential lots. Section 2 will be served as out-of-district until it is annexed into the District.

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The developer Shonaz, LLC, owns an additional 14.06 acre parcel of land adjoining the Defined Area on the east which will be developed for high-density multi-family residential by a separate contract. Utilities for the multi-family tract will be connected to the Defined Area, but will not be reimbursed as part of the Defined Area.

Commercial development in the District has been undertaken on approximately 327 acres of unrestricted commercial reserves subdivided as Blue Heron Bay, Montgomery Business Park, South Shore Plaza, Sunrise Ranch, Walden Road Business Park, Western Hills, and other separate commercial tracts. Commercial development includes retail shopping, such as Wal-Mart, tractor supply and True Value, restaurants, medical offices, banking centers, car washes and a data center for Data Journey.

Although the foregoing description of the above-ground improvements that are located within the District is accurate as of the date of this Official Statement, the District cannot represent the composition thereof in the future, nor can the District represent that any particular level of occupancy of such improvements will continue in the future.

Currently, there are approximately 126 acres within the District which are developable but undeveloped. The remaining approximately 27 acres are available for either commercial or residential development. Such undeveloped acres are owned by multiple parties, none of which has reported any definitive development plan for its undeveloped acres to the District.

There is no commitment by or legal requirement of any party to proceed at any particular rate or according to any specified plan with the development of land within the District or of any homebuilder to proceed at any particular pace with the construction of homes in the District, and there is no restriction on any land owner's right to sell its land. Therefore the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. Furthermore, no representations can be made by the District whether any commercial development will be conducted in the District in addition to the commercial development which has occurred therein to date, or as to any level of occupancy of any of above-ground improvements which have been constructed in the District.

Amenities which have been constructed within the District include a clubhouse, private marina, swimming pool, tennis court, a pavilion, boat launch and fishing pier. The District contains approximately 5 miles of shore line on Lake Conroe.

## **FUTURE DEVELOPMENT**

Proceeds of outstanding bonds were used to finance water, sanitary sewer and drainage lines to serve 855 acres within the District. The District currently serves approximately 1,757 connections with approximately 2,880 connections expected at full build-out.

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## **THE SYSTEM**

### **- Water Supply –**

The District's existing sources of water supply are provided by four water plants. Water Plant No. 1 contains the following: one Jasper water well rated at 1,000 gallon per minute ("gpm") total, a 125,000 gallon ground storage tank, a 320,000 gallon ground storage tank, one 10,000 gallon and one 20,000 gallon hydropneumatic tank, 1,500 gpm booster pump capacity, a disinfection system, and an emergency generator. Water Plant No. 2 contains the following: a 1,500 gpm Jasper water well, a 125,000 gallon ground storage tank, a 210,000 gallon ground storage tank, 1,800 gpm booster pump capacity, two 10,000 gallon hydropneumatic tanks, a disinfection system and an emergency generator. Water Plant No. 3 contains the following: a 2,200 gpm Catahoula water well, a 230,000 gallon ground storage tank, 1,800 gpm booster pump capacity, one 10,000 gallon hydropneumatic tank, a disinfection system and an emergency generator. Water Plant No. 4 contains the following: a 1,350 gpm Catahoula and a 100 gpm Jasper water well, a 260,000 gallon ground storage tank, a 11,000 gallon ground storage tank 1,800 gpm booster pump capacity, one 10,000 gallon hydropneumatic tank, a disinfection system and an emergency generator.

The four plants are currently capable of serving more than 2,880 connections. The District is limited to 2,500 connections by TCEQ standards, since the District does not have an elevated storage tank. The District has adequate hydro tanks and generators that will allow the district to submit a variance request when the need arises to increase capacity.

The District lies within the jurisdiction of the Lone Star Groundwater Conservation District ("LSGCD") which was created by the Texas Legislature in 2001. The purpose of the LSGCD is to manage and protect the groundwater resources of Montgomery County and to work with others to ensure a sustainable, high-quality, and cost-effective water supply for current and future needs. The District has submitted, and LSGCD has approved, a Groundwater Reduction Plan ("GRP") to meet the reduction requirements imposed by LSGCD. The District constructed two water wells in the Catahoula Aquifer to meet the LSGCD conversion requirements to produce water from an approved Alternative Water Supply ("AWS").



- Wastewater Treatment –

The District owns and operates a 972,000 gallons per day ("gpd") wastewater treatment plant which is sufficient to treat flow from 2,880 connections at 350 gpd/connection. The wastewater treatment plant consists of two inflow lift stations, a 4 zone aeration basin, 2 circular clarifiers, a 2 basin aerobic digester, and a 2 zone chlorine contact basin with a flow meter with indicator. Digested sludge is wet hauled periodically by a licensed hauler. The District plans to construct a lift station to support new development in the Defined Area.

- Drainage Facilities –

The District does not provide or maintain drainage facilities to the land within its boundaries. Although not part of District facilities, the drainage within the District is mostly through open ditches and culverts that outfall into Lake Conroe through storm sewers. Montgomery County maintains drainage within the District as part of roadway maintenance. Blue Heron Bay and Harbor Point have a curb and gutter pavement section with inlets and storm sewers draining into Lake Conroe. The Western Hills development has area outlets and a storm sewer system that drains into an open ditch that outfall into Lake Conroe.

### **Agreements with City of Conroe**

On March 25, 1999, the District entered a Water Supply and Wastewater Services Agreement ("Agreement") with the City of Conroe (the "City") pursuant to which the District agreed to make water and sewer services available throughout an area along either side of Walden Road north of S.H. 105 that is within the corporate limits of the City. The "Service Area," as defined in the agreement, consists of approximately 375 acres of land annexed by the City of Conroe under Ordinance No. 1414-97. Pursuant to the agreement, the District has entered into a number of separate Service Agreements with various parties that have secured water and wastewater services from the District. Such customers are required to pay the cost to construct all service lines to make connection to the District's systems and are required to pay tap fees and out-of-district water and sewer rates and an annual payment in lieu of taxes as set forth in the District's Rate Order. There is no compensation exchanged between the District and the City under the Agreement.

On May 3, 2002, the District entered into a Strategic Partnership Agreement ("SPA") with the City regarding a commercial tract owned by Wal-Mart, Inc., partially located within the boundaries of the City and partially located within the boundaries of the District. The SPA provides that the City annex the tract for full municipal purposes and the imposition of retail sales and use taxes. Both the District and the City levy their ad valorem taxes upon the portion of tract that is located within their respective jurisdictional boundary. The District provides water and wastewater services to the tract pursuant to a Utility Development and Service Agreement with Wal-Mart, Inc. dated July 12, 2002. Wal-Mart, Inc. owns and operates a private lift station within its tract that is in turn connected to the District's wastewater collection system. In return for providing these services, the City pays annually to the District an amount equal to the ad valorem tax generated by the City on the portion of the commercial tract located within the City but outside the District. The agreement continues until the earlier of full purpose annexation of the entire District by the City or 25 years. During the year ended September 30, 2024, the District received \$38,975 from the City under this agreement. This amount has been included as part of other income in the financial statements.

### **Emergency and Interim Water Supply Agreements**

On July 12, 2019, the District entered an agreement with Montgomery County Municipal Utility District No. 138 ("MUD 138") to provide emergency and interim water supply services. MUD 138 shall design and construct at its sole cost and expense a Water Plant to serve MUD 138, and a Water Line and Interconnect Facilities to connect the two districts. Each District is responsible for maintaining the respective interconnect lines within its boundaries. Under the terms of the agreement, the District agrees to provide MUD 138 Interim Water to serve a maximum of 400 ESFCs for a period of not more than three years. In 2022, the agreement was amended to increase the maximum ESFC to 800 and to extend the agreement. In 2024, the agreement was amended to extend the agreement. The terms of the Interim Water Supply Agreement, as amended terminates upon the earlier of December 31, 2026 or the completion of the MUD 138 Water Plant.

The District entered into an Interim Water Supply Service and Emergency Water Interconnect Agreement effective as of September 20, 2023 with Montgomery County Municipal Utility District No. 150 ("MUD 150"), a district containing 127 acres. The District agreed to provide the interim water to serve certain tracts related to Phase One, a predominantly single-family residential community, while MUD 150 constructs its water production facilities, to be completed within 36 months of the date of the agreement. Following completion of MUD 150's water production facilities, the District and MUD 150 agreed to supply each other with potable water for use during emergency situations.

### **Utility Development and Service Agreement**

On March 8, 2019, the District entered into a utility development and service agreement with Kampgrounds of America, Inc Lake Conroe/Houston North KOA ("KOA") for water supply and wastewater treatment services as an out of district customer. Under the agreement, KOA agreed to remove its two private existing water plants and existing package sewage treatment plant. The District agreed to design and construct a new public water plant, lift station and related water line and force main. All construction and installation of District's infrastructure will be conducted by the District, at its sole cost. The District has paid KOA for the water plant site and lift station site a purchase price of \$1.46 per square foot. The District agreed to furnish KOA water and wastewater capacity in an amount not to exceed 72,792 gallons per day, average daily flow for water and 50,550 gallons per day, average daily flow for wastewater. This agreement was performed in full and in 2022, the property was sold to MHC Lake Conroe West RV, LLC. ("MHC"). The District then entered into a Utility Service Agreement with MHC on September 28, 2022 that superseded the prior agreement with KOA.

*[Remainder of Page Intentionally Left Blank]*

## WATER AND SEWER OPERATIONS

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. Although not pledged to the payment of the Bonds, net revenues from operations of the District's system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds. It is anticipated that no significant revenues will be available for debt service on the Bonds in the foreseeable future.

### Historical Operations of the System

The following summary of the District's Operating Fund shows figures that were extracted from the District's audited financial statements for September 30, 2020 through 2024. See "APPENDIX A" for the latest audited financial statements of the District.

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
<b><u>General Fund Revenues:</u></b>					
Water and Sewer Service (a)	\$1,370,406	\$1,581,309	\$1,270,598	\$ 926,014	\$ 899,903
Maintenance Taxes	1,299,953	1,286,511	1,175,281	1,116,447	1,095,446
Penalties and Interest	17,224	0	3,787	18,544	17,304
Tap Connection Fees	69,274	16,212	24,929	198,270	26,775
Investment Earnings	126,574	65,683	4,902	2,867	8,889
Other Income	228,415	58,414	180,880	59,330	75,630
<b>TOTAL GENERAL FUND REVENUES</b>	<b><u>\$3,111,846</u></b>	<b><u>\$3,008,129</u></b>	<b><u>\$2,660,377</u></b>	<b><u>\$2,321,472</u></b>	<b><u>\$2,123,947</u></b>
<b><u>General Fund Expenditures:</u></b>					
Professional Fees	\$ 167,856	\$ 217,711	\$ 225,409	\$ 247,926	\$ 187,510
Contracted Services	201,492	90,386	119,476	249,139	214,621
Personnel Services	157,478	172,632	154,406	150,801	145,276
Utilities	354,093	344,174	338,130	268,709	253,426
Materials and Supplies	167,014	138,490	97,522	93,795	79,711
Repairs and Maintenance	1,316,809	1,166,781	1,188,130	760,386	469,580
Garbage Collection	406,402	369,920	284,627	261,170	251,563
Other	182,468	203,428	198,028	146,664	126,850
Capital Outlay	489,874	63,211	8,493	6,368	527,222
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b><u>\$3,443,486</u></b>	<b><u>\$2,766,733</u></b>	<b><u>\$2,614,221</u></b>	<b><u>\$2,184,958</u></b>	<b><u>\$2,255,759</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$ 331,640)	\$ 241,396	\$ 46,156	\$ 136,514	(\$ 131,812)
<b><u>Other Financing Sources (Uses):</u></b>					
Internal Transfers	2,454	355,676	(4,352)	522,492	0
<b>Total Other Financing Sources (Uses)</b>	<b><u>\$ 2,454</u></b>	<b><u>\$ 355,676</u></b>	<b><u>(\$ 4,352)</u></b>	<b><u>\$ 522,492</u></b>	<b><u>\$ 0</u></b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(\$ 329,186)	\$ 597,072	\$ 41,804	\$ 659,006	(\$ 131,812)
Fund Balances – Beginning	<u>\$2,557,108</u>	<u>\$1,960,036</u>	<u>\$1,918,232</u>	<u>\$1,259,226</u>	<u>\$1,391,038</u>
Fund Balances – Ending	<u><u>\$2,227,922</u></u>	<u><u>\$2,557,108</u></u>	<u><u>\$1,960,036</u></u>	<u><u>\$1,918,232</u></u>	<u><u>\$1,259,226</u></u>

(a) The District recently amended its Rate Order to increase water and sewer rates to cover ongoing expenses.

## INVESTMENT CONSIDERATIONS

### General

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

### Economic Factors Affecting Taxable Values and Tax Payments

**Economic Factors:** The rate of development within the District is directly related to the vitality of the residential housing and commercial real estate industry in the Houston metropolitan area, including particularly the vitality of the market for second homes. New residential housing and commercial construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of residential and commercial construction activity would restrict the growth of property values in the District. Further declines in the price of oil could adversely affect the demand for such homes as well as the market value of such homes. Although as of May 9, 2025, the District contains approximately 327 acres of commercial property and 1,587 homes, the District cannot predict the pace or magnitude of future construction in the District. Further, since a majority of the vacant developed lots are expected to be built upon on an as needed basis by individual homeowners as second homes or primary residences upon retirement and since a significant portion of the lots and homes in the District are being marketed as second homes and retirement homes, such economic factors could have an adverse effect upon sale of lots and homes as well as upon the construction of homes on lots currently owned by individuals. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "THE DISTRICT – Status of Development," "DEVELOPMENT WITHIN THE DISTRICT."

**Location and Access:** The District is located in an outlying area of the Conroe metropolitan area, approximately 12.5 miles from the central business district of the City of Conroe and approximately twelve (12) miles from a major highway (U.S. Interstate 45). The homebuilders active within the District compete for the sale of developed lots and homes with numerous residential development projects located closer to major employment centers and closer to major arterial roads. In addition, many of the residential developments with which the District competes have lower overlapping taxes. As a result, particularly during times of increased competition, the homebuilders may find themselves at a competitive disadvantage to the developers and homebuilders in other residential projects located closer to major urban centers or with lower overlapping taxes. See "THE DISTRICT."

**Maximum Impact on District Tax Rates:** Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2024 Assessed Valuation of property located within the District (see "TAX DATA") is \$727,221,349. After issuance of the Bonds, the estimated maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be \$1,704,869 (2035) and the estimated average annual debt service requirements will be \$1,300,014 (2025-2050, inclusive). Assuming no increase to nor decrease from the 2024 Assessed Valuation, a tax rate of \$0.1843 per \$100 of assessed valuation at a 97% tax collection rate would be necessary to pay the average annual debt service requirement. Assuming no increase to nor decrease from the 2024 Assessed Valuation, a tax rate of \$0.2417 per \$100 of assessed valuation at a 97% tax collection rate would be necessary to pay the maximum annual debt service requirement.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay ad valorem taxes levied by the District.

## **Dependence Upon Principal Taxpayers**

Based on the 2024 tax rolls, the Top Ten Taxpayers are responsible for 11.94% of the District's 2024 taxes. See "TAX DATA – Principal Taxpayers." The ability of any significant taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more significant 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 Order, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund (defined herein) or any other funds to allow for any such delinquencies. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. Therefore, failure by one or more significant 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. Further, several of the significant taxpayers' property consists of large scale buildings which, if vacated, may have a limited market and may be difficult to re-lease or re-purpose. If vacated, the assessed value of such buildings may decrease substantially.

## **Potential Impact of Natural Disaster**

The District is located approximately 90 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District or in the remainder of the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District are adversely affected.

## **Potential Effects of Oil Price Volatility on the Houston Area**

Potential declines in oil prices in the U.S. and globally, may lead to adverse conditions in the oil and gas industry. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could negatively affect property values or development activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes. The District cannot predict the impact the negative conditions in the oil and gas industry may have on the property values 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 the amount of taxes owed to other taxing units, a bankruptcy court's stay of tax collection procedures against a taxpayer, and market conditions limiting the proceeds from a foreclosure sale of taxable property. The District's lien on taxable property within the District for taxes levied against such property can be foreclosed only in a judicial proceeding.

## **Registered Owners' Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year or otherwise to make such payments. (See "THE BONDS - Default and Remedies"). Except for mandamus, the Bond Order does not 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. Based on recent Texas court decisions, it is unclear whether Section §49.066 of the Texas Water Code effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property of the District in order to pay the principal of and interest on the Bonds.

Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. 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 USC Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if (1) it is generally 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. Under Texas law, special districts such as the District also must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

The District may not be placed into bankruptcy involuntarily.

#### **Marketability**

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

#### **Future Debt**

Additional bonds are expected to be issued from time to time as future development occurs. The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations, tax collections or net revenues to limit the amount of parity bonds which may be issued.

Following issuance of the Bonds, there will be \$16,452,127 in principal amount of unlimited tax bonds authorized and unissued by the District's voters for the purpose of constructing and acquiring water, sewer and drainage facilities, all of which may also be used for refunding purposes. Additionally, the District has \$32,900,000 principal amount of unlimited tax bonds to finance the Defined Area Utility System, the Defined Area Road System, and the Defined Area Park System. See "THE DEFINED AREA" for a discussion of Defined Area Bonds. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds and such additional bonds as may be hereafter authorized. The District has also reserved the right to issue certain other bonds and obligations described in the Bond Order.

#### **Continuing Compliance with Certain Covenants**

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

#### **Future and Proposed Legislation**

From time to time, there are Presidential proposals, proposals of various federal agencies, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the

marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability, or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

### **Approval of the Bonds**

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the security of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

### **Environmental Regulation**

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

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

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

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

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

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

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

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

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), 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. It 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 January 24, 2019. 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 removed and subsequent regulatory action, a great deal of uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

### **Tax 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 multi-family 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.

Additionally, Chapter 394 of the Texas Local Government Code, known as the Texas Housing Finance Corporations Act (the "HFC Act") provides for the formation of housing finance corporations ("HFCs") by municipalities and counties for the purpose of providing decent, safe, and sanitary housing at affordable prices to residents of local governments. Historically, HFCs could receive certain tax exemptions on qualified projects under the HFC Act, provided certain conditions are met under the HFC Act. This exemption applies to both ad valorem and sales taxes levied by taxing authorities where the qualified project is located. Subject to certain restrictions, a leasehold or other possessory interest granted by the HFC to the user of an HFC-owned multifamily residential development entitles that user to this same exemption. During the 89th Texas Legislature, Regular Session, House Bill 21 was passed by the Texas Legislature providing in part that such ad valorem tax exemptions do not apply to a conservation or reclamation district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, that provides water, sewer, or drainage service to the multifamily residential development owned by the HFC, unless the applicable HFC has entered into a written agreement with the district to make a payment to the district in lieu of taxation, in the amount specified in the agreement. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by an HFC.

## **LEGAL MATTERS**

### **Legal Opinions**

The District will furnish the Initial Purchaser a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Wallace & Philbin, LLP, Houston, Texas, Bond Counsel ("Bond Counsel"), to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District. Bond Counsel's opinion will also address the matters described below under "TAX MATTERS."

Wallace & Philbin, LLP, in its capacity as Bond Counsel, has reviewed the information appearing in this Official Statement under the captions "THE BONDS" (except for the information found under the subcaption "– Book-Entry-Only System"), "THE DISTRICT – General," and "THE DISTRICT – Management of the District – Bond Counsel," "THE DEFINED AREA," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor has Bond Counsel 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 of the information contained herein. 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. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

### **No Arbitrage**

The District will certify on 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, 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 Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed from time to time 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 have been authorized to certify to the facts, 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 will covenant in the Bond Order that it will make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds and take such other and further actions and follow such procedures, including without limitation, calculation of the yield on the Bonds, as may be required so that the Bonds will not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

### **No Material Adverse Change**

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

### **No-Litigation Certificate**

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

### **Securities Laws**

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

## **TAX MATTERS**

### **Opinion**

On the date of initial delivery of the Bonds, Wallace & Philbin, LLP, Houston, Texas, Bond Counsel, will render the opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), interest on the Bonds (1) will be excludable from the "gross income" of the holders thereof and (2) is not subject to the alternative minimum tax on individuals. Except as stated above, Bond Counsel will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership, or disposition of the Bonds.

In rendering the opinion, Bond Counsel will rely upon (a) the District's federal tax certificate and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds, and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Internal Revenue Code of 1986 (the "Code") and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations, and covenants. Bond Counsel's opinion is not a guarantee of result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

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

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for the Bonds, as stated on the cover of the Official Statement, may be less than the principal amount thereof (the "Original Issue Discount Bonds"). As such, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds.

Under Existing Law, such an owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period for which such Original Issue Discount Bond continues to be owned by such owner. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition

thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Under section 6012 of the code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

### **State, Local and Foreign Taxes**

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

### **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 for tax-exempt obligations.

The District will designate the Bonds as "qualified tax-exempt obligations" represents 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% disallowance of allocable interest expense.

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Order, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system which is available at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Annual Reports**

The District will provide certain updated financial information and operating data to the MSRB via EMMA annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "Appendix B" (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 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 days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, 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 any such financial obligation, as defined in

accordance with the Rule, as amended, of the District, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

#### **Availability of Information from EMMA**

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information files with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

#### **Limitations and Amendments**

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

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

#### **Compliance with Prior Undertakings**

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by them in accordance with the Rule.

### **OFFICIAL STATEMENT**

#### **General**

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

#### **Experts**

The information contained in this Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections titled "THE DISTRICT" and "THE SYSTEM" has been provided by Bleyl Engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Appraisal District. Such information has been included herein in reliance upon the Appraisal District's authority as an expert in the field of tax collection and tax assessing.

The District's audited financial statement for the year ended September 30, 2024 were prepared by Knox Cox & Company, LLP, Certified Public Accountant, Sugar Land, Texas, and have been included herein as "APPENDIX A." Knox Cox & Company, LLP, Certified Public Accountant, has consented to the publication of such financial statements in this Official Statement.

#### **Certification as to Official Statement**

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

#### **Updating of Official Statement**

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

This Official Statement was approved by the Board of Directors of Stanley Lake Municipal Utility District, as of the date shown on the first page hereof.

/s/ Kerry Masson  
President, Board of Directors  
Stanley Lake Municipal Utility District

ATTEST:

/s/ Charles L. Laine, III  
Secretary, Board of Directors  
Stanley Lake Municipal Utility District

**APPENDIX A**  
**2024 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**



**Stanley Lake**  
**Municipal Utility District**  
**MONTGOMERY COUNTY, TEXAS**  
***ANNUAL AUDIT REPORT***  
**September 30, 2024**



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## **C O N T E N T S**

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*Certified Public Accountants*

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

## **Independent Auditors' Report**

Board of Directors  
Stanley Lake Municipal Utility District  
Montgomery County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Stanley Lake Municipal Utility District (the "District"), as of and for the year ended September 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 the District, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of 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 Auditors' Responsibilities for the Audit of the Financial Statements sections of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, 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 evaluating the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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 (TSI) listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 basic the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Handwritten signature in black ink that reads "Karp Co. & Co. LLP". The signature is written in a cursive, flowing style.

Sugar Land, Texas  
January 10, 2025

## **Management's Discussion and Analysis**

As management of Stanley Lake Municipal Utility District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended September 30, 2024.

### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2,497,929 (net position).
- As of September 30, 2024, the District's governmental funds reported an ending fund balance of \$2,958,705.
- The District's cash and investments balance at September 30, 2024 was \$3,518,132, representing a decrease of \$10,134 from September 30, 2023.
- The District had revenues of \$4,646,043, and a change in net position of (\$28,879) for the year ended September 30, 2024.
- At the end of the fiscal year, unassigned and uncommitted fund balance for the General Fund was \$2,227,922, or 65 percent of total General Fund expenditures.
- The District's long-term debt decreased by \$765,000 during the current fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

## **FUND FINANCIAL STATEMENTS**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District consist solely of governmental funds (the General Fund, Debt Service Fund and Capital Projects Fund).

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

## **OTHER INFORMATION**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,497,929 as of September 30, 2024.

The largest portion of the District's net position reflects financial resources that are unrestricted.

The District had a net investment in capital assets of (\$380,649) as of September 30, 2024. The deficit net investment in capital assets is primarily due to depreciation expense exceeding the current year's bond payment and the use of bond proceeds for noncapital items.



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

**SUMMARY OF STATEMENT OF NET POSITION**  
**As of September 30, 2024 and 2023**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 3,768,928	\$ 3,795,870
Capital assets, net	19,439,114	19,972,712
<b>Total Assets</b>	<b>23,208,042</b>	<b>23,768,582</b>
Long-term liabilities	19,819,763	20,600,297
Other liabilities	890,350	641,477
<b>Total Liabilities</b>	<b>20,710,113</b>	<b>21,241,774</b>
Net Position:		
Net investment in capital assets	(380,649)	(625,142)
Restricted	613,150	562,994
Unrestricted	2,265,428	2,588,956
<b>Total Net Position</b>	<b>\$ 2,497,929</b>	<b>\$ 2,526,808</b>

Net position of the District, all of which relate to governmental activities, decreased by \$28,879. Key elements of the increase are as follows:

**CHANGES IN NET POSITION**  
**Years Ended September 30, 2024 and 2023**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Water and sewer charges	\$ 1,370,406	\$ 1,581,309
Property taxes, penalties and interest	2,773,197	2,700,920
Tap connection fees	69,274	16,212
Investment income and other	433,166	156,766
<b>Total Revenues</b>	<b>4,646,043</b>	<b>4,455,207</b>
<b>Expenses</b>		
Professional fees and contracted services	397,134	327,276
Repairs and maintenance	1,316,809	1,288,719
Personnel, utilities and administration	872,528	861,974
Garbage collection	406,402	369,920
Interest and fiscal charges on long-term debt	658,577	680,845
Depreciation	1,023,472	1,005,536
<b>Total Expenses</b>	<b>4,674,922</b>	<b>4,534,270</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(28,879)</b>	<b>(79,063)</b>
Capital contribution		
<b>Change in Net Position</b>	<b>(28,879)</b>	<b>(79,063)</b>
Net position, beginning	2,526,808	2,605,871
<b>Net Position, Ending</b>	<b>\$ 2,497,929</b>	<b>\$ 2,526,808</b>

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

As of September 30, 2024, the District's governmental funds, which consist of a general fund, debt service fund and capital projects fund, reported a cumulative ending fund balance of \$2,958,705, which is a decrease of \$293,197 from last year's total of \$3,251,902. As a measure of the general fund's liquidity, it may be useful to compare unassigned and uncommitted fund balance to total fund expenditures. Unassigned and uncommitted fund balance represents 65 percent of total general fund expenditures.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - The District's investment in capital assets as of September 30, 2024 amounts to \$19,972,715 (net of accumulated depreciation). This investment in capital assets includes land and infrastructure.

### **CAPITAL ASSETS SCHEDULE (net of depreciation)**

	<b>2024</b>	<b>2023</b>
Land	\$ 171,165	\$ 171,165
Construction in progress		48,211
Water system	19,121,522	18,583,437
Wastewater system	9,733,330	9,733,333
Engineering	2,276,366	2,278,366
Less: accumulated depreciation	(11,865,269)	(10,841,797)
<b>Total Capital Assets, Net</b>	<b>\$ 19,437,114</b>	<b>\$ 19,972,715</b>

Additional information on the District's capital assets can be found in Note 6 in the notes to financial statements.

## **LONG-TERM DEBT**

As of September 30, 2024, the District has a total bonded debt outstanding of \$19,725,000. Interest expense and fiscal charges for the year totaled \$658,577 for the 2024 fiscal year on this bonded debt. These outstanding bonds have maturities ranging from 2025 to 2044. Additional information on the District's long-term debt can be found in Note 7 in the notes to the financial statements.

## **BUDGETARY HIGHLIGHTS**

Unassigned and uncommitted fund balance in the General Fund increased to \$2,227,922 from \$2,557,108. A projected budget decrease of \$972,715 was adopted.

## **REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stanley Lake Municipal Utility District: Bacon, Wallace & Philbin, LLP; 6363 Woodway, Suite 800; Houston, Texas 77057 (713) 739-1060.

## **FINANCIAL STATEMENTS**

# Stanley Lake Municipal Utility District

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

**September 30, 2024**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 111,599	\$	\$	\$ 111,599
Investments	2,477,360	929,173		3,406,533
Receivables:				
Property taxes	37,506	43,935		81,441
Customer service accounts	117,262			117,262
Other Assets	50,408			50,408
Due from other governments		1,685		1,685
Interfund receivable	200,075			200,075
Capital assets, net of accumulated depreciation:				
Land				
Infrastructure				
<b>Total Assets</b>	<u>\$ 2,994,210</u>	<u>\$ 974,793</u>	<u>\$</u>	<u>\$ 3,969,003</u>
<b><u>Liabilities and Fund Balances/Net Position</u></b>				
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 187,834	\$	\$	\$ 187,834
Customer deposits	540,948			540,948
Interfund payable		200,075		200,075
Accrued interest payable				
Long-term liabilities:				
Unamortized bond premium or (discount)				
Due within one year				
Due after one year				
<b>Total Liabilities</b>	<u>728,782</u>	<u>200,075</u>	<u></u>	<u>928,857</u>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	<u>37,506</u>	<u>43,935</u>	<u></u>	<u>81,441</u>
<b><u>Fund Balances/Net Position</u></b>				
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Debt service		730,783		730,783
Capital projects				
<b>Unrestricted:</b>				
Unassigned	2,227,922			2,227,922
<b>Total Fund Balances</b>	<u>2,227,922</u>	<u>730,783</u>	<u></u>	<u>2,958,705</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,994,210</u>	<u>\$ 974,793</u>	<u>\$</u>	<u>\$ 3,969,003</u>
<b>Net Position:</b>				
Net investment in capital asset				
Restricted for debt service				
Unrestricted				
<b>Total Net Position</b>				

See Notes to Financial Statements.

**Exhibit B(1)**

<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
\$	\$ 111,599
	3,406,533
	81,441
	117,262
	50,408
	1,685
(200,075)	
171,165	171,165
19,267,949	19,267,949
<u>19,239,039</u>	<u>\$ 23,208,042</u>
\$	\$ 187,834
	540,948
(200,075)	
161,568	161,568
94,763	94,763
790,000	790,000
18,935,000	18,935,000
<u>19,781,256</u>	<u>20,710,113</u>
<u>(81,441)</u>	
(730,783)	
<u>(2,227,922)</u>	
<u>(2,958,705)</u>	
(380,649)	(380,649)
613,150	613,150
2,265,428	2,265,428
<u>\$ 2,497,929</u>	<u>\$ 2,497,929</u>

# Stanley Lake Municipal Utility District

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

Year Ended September 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b><u>Revenues</u></b>				
Water and sewer service	\$ 1,370,406	\$	\$	\$ 1,370,406
Property taxes	1,299,953	1,430,856		2,730,809
Penalties and interest	17,224	13,271		30,495
Tap connection fees	69,274			69,274
Investment earnings	126,574	78,166	11	204,751
Other income	228,415			228,415
<b>Total Revenues</b>	<u>3,111,846</u>	<u>1,522,293</u>	<u>11</u>	<u>4,634,150</u>
<b><u>Expenditures/Expenses</u></b>				
<b>Current:</b>				
Professional fees	167,856	2,875		170,731
Contracted services	201,492	24,911		226,403
Personnel services	157,478			157,478
Utilities	354,093			354,093
Materials and supplies	167,014			167,014
Repairs and maintenance	1,316,809			1,316,809
Garbage collection	406,402			406,402
Other	182,468	11,475		193,943
<b>Capital Outlay</b>	489,874			489,874
<b>Debt Service:</b>				
Principal retirement		765,000		765,000
Interest and fiscal charges		679,600		679,600
Depreciation				
<b>Total Expenditures/Expenses</b>	<u>3,443,486</u>	<u>1,483,861</u>	<u></u>	<u>4,927,347</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(331,640)	38,432	11	(293,197)
<b><u>Other Financing Sources (Uses)</u></b>				
Internal transfers	2,454		(2,454)	
<b>Total Other Financing Sources (Uses)</b>	2,454		(2,454)	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	(329,186)	38,432	(2,443)	(293,197)
<b>Change in Net Position</b>				
Fund Balances/Net Position - Beginning	2,557,108	692,351	2,443	3,251,902
<b>Fund Balances/Net Position - Ending</b>	<u>\$ 2,227,922</u>	<u>\$ 730,783</u>	<u>\$</u>	<u>\$ 2,958,705</u>



**Exhibit B(2)**

<b>Adjustments (Note 2)</b>	<b>Statement of Activities</b>
\$	\$
11,893	1,370,406
	2,742,702
	30,495
	69,274
	204,751
	228,415
<u>11,893</u>	<u>4,646,043</u>
	170,731
	226,403
	157,478
	354,093
	167,014
	1,316,809
	406,402
	193,943
(489,874)	
(765,000)	
(21,023)	658,577
1,023,472	1,023,472
<u>(252,425)</u>	<u>4,674,922</u>
264,318	
28,879	
<u>293,197</u>	
293,197	
(28,879)	(28,879)
(725,094)	2,526,808
<u>\$ (460,776)</u>	<u>\$ 2,497,929</u>

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# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Reporting Entity**

Stanley Lake Municipal Utility District (the "District") was created by an order of the Texas Water Rights Commission (Texas Commission on Environmental Quality) on November 21, 1972 and confirmed by the electorate of Stanley Lake Municipal Utility District at a confirmation election held on December 27, 1972. The District was organized per article XVI, Section 59 of the Texas Constitution. It operates under Chapter 49 and Chapter 54 of the Texas Water Code. The Board of Directors held its first meeting on December 1, 1972, and the first bonds were sold on September 11, 1973.

The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and collection of solid waste.

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

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

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

The District's primary activities include construction, maintenance, and operation of water and sewer system facilities, solid waste services, the operation of a public park and debt service on bonds issued to construct the facilities.

### **Financial Statement Presentation**

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

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

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

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

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units, as applicable. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District had no business-type activities or component units as of and for the year ended September 30, 2024.

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

#### **Nonspendable:**

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

#### **Restricted:**

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

#### **Committed:**

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

#### **Assigned:**

To indicate fund balance to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

Unassigned:

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

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

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

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

The District reports the following governmental funds:

### **General Fund**

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

### **Debt Service Fund**

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

### **Capital Projects Fund**

The Capital Projects Fund is used to account for the expenditure of bond proceeds for the construction and major repair and maintenance of the District's facilities.

### **C. Deferred Inflows of Resources**

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

### **D. Budget**

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

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

### **E. Short-Term Internal Receivables/Payables**

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as internal receivables and payables on the combined balance sheet. These amounts are eliminated for government-wide presentation.

### **F. Capital Assets**

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

<b><u>Asset Description</u></b>	<b><u>Estimated Useful Life</u></b>
Land	N/A
Water system	5-30 years
Wastewater system	5-30 years
Engineering	30 years

### **G. Long-Term Obligations**

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

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

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

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 10, 2025, the date that the financial statements were available to be issued.

### **I. Use of Estimates**

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

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

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

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

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

Total fund balances - governmental funds	\$ 2,958,705
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	19,439,114
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	81,441
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(161,568)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	<u>(19,819,763)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 2,497,929</u></b>



# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

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

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

Net change in fund balances - total governmental funds	\$	(293,197)
--	----	-----------

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.	(533,598)
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Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	765,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported in the governmental funds. This adjustment reflects the net change in interest payable.	21,023
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Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment reflects the net change in property taxes receivable.	<u>11,893</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$</u></b>	<b><u>(28,879)</u></b>
--	------------------	------------------------

### **NOTE 3 - CASH AND INVESTMENTS**

Cash and cash equivalents consist of non-interest bearing and interest bearing checking accounts, a money market account and TexPool.

The carrying amounts for cash and cash equivalent balances, which approximate fair values, by fund at September 30, 2024, are as follows:

	<b><u>Checking</u></b>	<b><u>TexPool</u></b>	<b><u>Total</u></b>
General	\$ 111,599	\$ 2,477,360	\$ 2,588,959
Debt Service		929,173	929,173
Capital Projects			
	<u>\$ 111,599</u>	<u>\$ 3,406,533</u>	<u>3,518,132</u>

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

The District considers the holdings in TexPool to have a one-day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

### **Custodial Credit Risk - Deposits**

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

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

### **Investments**

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

	<b><u>Fair Value</u></b>	<b><u>Weighted Average Maturity (Days)</u></b>
TexPool	\$ 3,406,533	31
<b>Total Investments</b>	<u><u>\$ 3,406,533</u></u>	

### **Investment Policies**

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

Applicable state laws and regulations allow the District to invest its funds in direct or indirect obligations of the United States, the State, or any county, city, school district, or other political subdivision of the State. Funds may also be placed in certificates of deposit of state or national banks or savings and loan associations (depository institutions) domiciled within the State. Related state statutes and provisions included in the District's bond orders require that all funds invested in depository institutions be guaranteed by federal depository insurance and/or be secured in the manner provided by law for the security of public funds. Balances in checking accounts in depository institutions were entirely guaranteed by federal depository insurance or security as provided by statutes and bond provisions at September 30, 2024.

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

### **Investment Pools**

The District participates in TexPool, The Texas Local Government Investment Pool. The State Comptroller of Public Accounts (the "Comptroller") administers TexPool, as a public funds investment pool through the Texas Treasury Safekeeping Trust Company (The "Trust Company"). The Comptroller is the sole officer, director, and shareholder of the Trust Company and thus maintains oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. The Comptroller has established an advisory board composed of both participants in TexPool and other qualified persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. There are no limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts.

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 79, TexPool uses amortized cost (which excludes unrealized gains and losses) to compute share price. An external investment pool qualifies for amortized cost reporting if it transacts with its participants at a stable net asset value per share and meets various portfolio maturity, quality, diversification liquidity and pricing requirements.

TexPool investment pools are exempt from level of fair value disclosure because they are valued at amortized costs.

### **Interest Rate Risk**

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

### **Credit Risk - Investments**

In accordance with its investment policy, the District minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities. As of September 30, 2024, TexPool is rated AAAM by Standard and Poors.

## **NOTE 4 - PROPERTY TAXES**

The voters of the District have authorized the District's Board of Directors to levy operation/maintenance taxes annually for use in financing general operations limited to \$0.25 per \$100 of assessed value. The District's bond orders require that ad valorem taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied for debt service requirements are without limitation as to rate or amount.

All property values are determined by the Montgomery Central Appraisal District. A statutory tax lien attaches to all properties within the District on January 1st of each year. Taxes are

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

generally levied on October 1 and are due upon receipt of the tax bill by the property owner. Penalties and interest are charged if taxes are not paid by the succeeding January 31<sup>st</sup>, after which penalties and interest accrue monthly. There is an additional twenty percent penalty charged on accounts delinquent after July 1st of each year which is payable to the District's delinquent tax attorney.

Property taxes are prorated between operations and debt service based on the respective rates adopted for the year of the levy. For the current year, the District levied a combined rate of \$0.43 per \$100 of assessed valuation of which \$0.205 was levied for operations/maintenance and \$0.225 was levied for debt service. The resulting tax levy was \$2,785,561 on the adjusted taxable valuation of \$647,804,921 for the 2023 tax year.

Maintenance and debt service taxes receivable at September 30, 2024, are allocated as following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
2023 Levy	\$ 7,836	\$ 8,601	\$ 16,437
2022 Levy	3,129	3,413	6,542
2021 Levy	2,662	3,217	5,879
2020 Levy	1,111	1,362	2,473
2019 and prior	22,768	27,342	50,110
	<u>\$ 37,506</u>	<u>\$ 43,935</u>	<u>\$ 81,441</u>

### **NOTE 5 - RECEIVABLES**

Receivables as of year-end for the District's funds are as follows:

	<b>General</b>	<b>Debt Service</b>	<b>Total</b>
Receivables:			
Taxes	\$ 37,506	\$ 43,935	\$ 81,441
Accounts	117,262		117,262
<b>Total Receivables</b>	<u>\$ 154,768</u>	<u>\$ 43,935</u>	<u>\$ 198,703</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<b>Unavailable</b>	<b>Unearned</b>
Delinquent property taxes receivable - general fund	\$ 37,506	\$
Delinquent property taxes receivable - debt service fund	43,935	
<b>Total Deferred Inflows for Governmental Funds</b>	<u>\$ 81,441</u>	<u>\$</u>

# Stanley Lake Municipal Utility District

**Exhibit B(3)**

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 6 - CAPITAL ASSETS**

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

	<b>Balance Oct 1, 2023</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Balance Sept 30, 2024</b>
<b>Governmental Activities:</b>				
Non-depreciable Assets:				
Land	\$ 171,165	\$	\$	\$ 171,165
Construction in progress	48,211	489,874	(538,085)	
Total Non-depreciable Assets	<u>219,376</u>	<u>489,874</u>	<u>(538,085)</u>	<u>171,165</u>
Depreciable Assets:				
Water system	18,583,437	538,085		19,121,522
Wastewater system	9,733,330			9,733,330
Engineering	2,278,366			2,278,366
Total Depreciable Assets	<u>30,595,133</u>	<u>538,085</u>		<u>31,133,218</u>
Less Accumulated Depreciation	<u>(10,841,797)</u>	<u>(1,023,472)</u>		<u>(11,865,269)</u>
<b>Totals</b>	<u><b>\$ 19,972,712</b></u>	<u><b>\$ 4,487</b></u>	<u><b>\$ (538,085)</b></u>	<u><b>\$ 19,439,114</b></u>

Depreciation expense for the year ended September 30, 2024, totaled \$1,023,472.

### **NOTE 7 - LONG-TERM DEBT**

Long-term debt consists of bonds payable. Payments of principal and interest on the bonds are to be provided from tax levies on properties within the District. Investment income realized by the Debt Service Fund from investment of funds will be used to pay outstanding bond principal and interest. The following is a summary of changes in bonds payable for the year ended September 30, 2024:

Bonds payable, October 1, 2023	\$ 20,490,000
Bonds retired	<u>(765,000)</u>
<b>Bonds payable, Sept. 30, 2024</b>	<u><b>\$ 19,725,000</b></u>

Bonds payable at September 30, 2024, are comprised of the following individual issues:

	<b>Amounts Outstanding</b>	<b>Interest Rates</b>	<b>Date, Serially Begin/End</b>	<b>Maturity Interest Pmt. Dates</b>
2014	4,490,000	2.5-4.0%	July 1 2015/2038	July 1/ January 1
2016	6,315,000	2.0-3.25%	July 1 2024/2041	July 1/ January 1
2017R	4,390,000	2.0-4.0%	July 1 2018/2033	July 1/ January 1
2019	4,530,000	3.0%	July 1 2020/2044	July 1/ January 1
	<u><b>\$ 19,725,000</b></u>			

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

As of September 30, 2024, the debt service requirements on bonds outstanding through 2044 are as follows:

<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	\$ 790,000	\$ 653,370	\$ 1,443,370
2026	810,000	633,720	1,443,720
2027	830,000	611,907	1,441,907
2028	865,000	581,832	1,446,832
2029	895,000	550,019	1,445,019
2030	930,000	516,632	1,446,632
2031	965,000	481,607	1,446,607
2032	1,005,000	444,432	1,449,432
2033	1,040,000	411,357	1,451,357
2034	1,075,000	377,113	1,452,113
2035	1,110,000	340,256	1,450,256
2036	1,150,000	302,075	1,452,075
2037	1,190,000	261,950	1,451,950
2038	1,235,000	220,325	1,455,325
2039	1,280,000	177,050	1,457,050
2040	1,330,000	138,650	1,468,650
2041	1,375,000	98,750	1,473,750
2042	590,000	55,500	645,500
2043	615,000	37,800	652,800
2044	645,000	19,350	664,350
	<u>\$ 19,725,000</u>	<u>\$ 6,913,695</u>	<u>\$ 26,638,695</u>

As of September 30, 2024, the Debt Service Fund has \$730,783 available for debt service. The District is in compliance with all significant bond requirements and restrictions contained in the bond orders.

### **NOTE 8 - AGREEMENT WITH CITY OF CONROE**

On March 25, 1999, the District entered a Water Supply and Wastewater Services Agreement ("Agreement") with the City of Conroe (the "City") pursuant to which the District agreed to make water and sewer services available throughout an area along either side of Walden Road north of S.H. 105 that is within the corporate limits of the City. The "Service Area," as defined in the agreement, consists of approximately 375 acres of land annexed by the City of Conroe under Ordinance No. 1414-97. Pursuant to the agreement, the District has entered into a number of separate Service Agreements with various parties that have secured water and wastewater services from the District. Such customers are required to pay the cost to construct all service lines to make connection to the District's systems and are required to pay tap fees and out-of-district water and sewer rates and an annual payment in lieu of taxes as set forth in the District's Rate Order. There is no compensation exchanged between the District and the City under the Agreement.

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

On May 3, 2002, the District entered into a Strategic Partnership Agreement ("SPA") with the City regarding a commercial tract owned by Wal-Mart, Inc., partially located within the boundaries of the City and partially located within the boundaries of the District. The SPA provides that the City annex the tract for full municipal purposes and the imposition of retail sales and use taxes. Both the District and the City levy their ad valorem taxes upon the portion of tract that is located within their respective jurisdictional boundary. The District provides water and wastewater services to the tract pursuant to a Utility Development and Service Agreement with Wal-Mart, Inc. dated July 12, 2002; however, Wal-Mart, Inc. owns and operates a private lift station within its tract that is in turn connected to the District's wastewater collection system. In return for providing these services, the City pays annually to the District an amount equal to the ad valorem tax generated by the City on the portion of the commercial tract located within the City but outside the District. The agreement continues until the earlier of full purpose annexation of the entire District by the City or 25 years. During the year ended September 30, 2024, the District received \$38,975 from the City under this agreement. This amount has been included as part of other income in the financial statements.

### **NOTE 9 –EMERGENCY AND INTERIM WATER SUPPLY AGREEMENT**

On July 12, 2019, the District entered an agreement with Montgomery County Municipal Utility District No. 138 ("MUD 138") to provide emergency and interim water supply services. MUD 138 shall design and construct at its sole cost and expense a Water Plant to serve MUD 138, and a Water Line and Interconnect Facilities to connect the two districts. Each District is responsible for maintaining the respective interconnect lines within its boundaries. Under the terms of the agreement, the District agrees to provide MUD 138 Interim Water to serve a maximum of 400 ESFCs for a period of not more than three years. In 2022, the agreement was amended to increase the maximum ESFC to 800 and to extend the agreement. In 2024, the agreement was amended to extend the agreement. The terms of the Interim Water Supply Agreement, as amended terminates upon the earlier of December 31, 2026 or the completion of the MUD 138 Water Plant.

The District entered into an Interim Water Supply Service and Emergency Water Interconnect Agreement effective as of September 20, 2023 with Montgomery County Municipal Utility District No. 150 ("MUD 150"), a district containing 127 acres. The District agreed to provide the interim water to serve certain tracts related to Phase One, a predominantly single-family residential community, while MUD 150 constructs its water production facilities, to be completed within 36 months of the date of the agreement. Following completion of MUD 150's water production facilities, the District and MUD 150 agreed to supply each other with potable water for use during emergency situations.

# **Stanley Lake Municipal Utility District**

**Exhibit B(3)**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 10 – UTILITY DEVELOPMENT AND SERVICE AGREEMENT**

On March 8, 2019, the District entered into a utility development and service agreement with Kampgrounds of America, Inc Lake Conroe/Houston North KOA ("KOA") for water supply and wastewater treatment services as an out of district customer. Under the agreement, KOA agreed to remove its two private existing water plants and existing package sewage treatment plant. The District agreed to design and construct a new public water plant, lift station and related water line and force main. All construction and installation of District's infrastructure will be conducted by the District, at its sole cost. The District has paid KOA for the water plant site and lift station site a purchase price of \$1.46 per square foot. The District agreed to furnish KOA water and wastewater capacity in an amount not to exceed 72,792 gallons per day, average daily flow for water and 50,550 gallons per day, average daily flow for wastewater. This agreement was performed in full and in 2022, the property was sold to MHC Lake Conroe West RV, LLC. ("MHC"). The District then entered into a Utility Service Agreement with MHC on September 28, 2022 that superseded the prior agreement with KOA.

### **NOTE 11 – DEVELOPMENT FINANCING AGREEMENT**

On July 14, 2023, the District executed a development financing agreement with Shonaz, LLC ("Developer"). The agreement calls for annexation of approximately 86.40 acres into the District, the creation of a Defined Area upon 72.34 acres out of the 86.40 acres annexed. The agreement provides for the approval of water, sewer and drainage bonds, road bonds and park bonds for the Defined Area. Under the terms of the agreement, the Developer agrees to advance certain funds for the permitting, design and construction of internal water, wastewater and drainage facilities, and any roads and public park and recreational facilities necessary to provide service to the annexed tract as well as the Defined Area. Costs are expected to be reimbursed by future Defined Area bonds.

On November 7, 2023, District voters approved the designation of a Defined Area. The voters also authorized the issuance of \$18,300,000 of water, sewer, and drainage bonds, \$9,700,000 road bonds and \$4,900,000 park bonds. Such bonds, if and when issued, will be secured solely by ad valorem taxes levied against the property within the Defined Area. The maximum tax rate approved by voters for the Defined Area is \$1.15 per one hundred dollar valuation on all taxable property within the Defined Area.

### **NOTE 12 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the District carries commercial insurance. In addition, the District participates along with numerous other entities in the Texas Municipal League's Intergovernmental Risk Pool's Workers Compensation Fund (the "Pool") to insure the District for worker compensation related claims. The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums.



## **REQUIRED SUPPLEMENTARY INFORMATION**

# **Stanley Lake Municipal Utility District**

Exhibit C(1)

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

**Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>Revenues</u></b>				
Water and sewer service	\$ 1,281,800	\$ 1,281,800	\$ 1,370,406	\$ 88,606
Property taxes	1,324,000	1,324,000	1,299,953	(24,047)
Penalties and interest	400	400	17,224	16,824
Tap connection fees	120,000	120,000	69,274	(50,726)
Investment earnings	55,000	55,000	126,574	71,574
Other income	80,200	80,200	228,415	148,215
<b>Total Revenues</b>	<u>2,861,400</u>	<u>2,861,400</u>	<u>3,111,846</u>	<u>250,446</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Professional fees	252,000	252,000	167,856	84,144
Contracted services	106,000	106,000	201,492	(95,492)
Personnel services	232,200	232,200	157,478	74,722
Utilities	310,000	310,000	354,093	(44,093)
Materials and supplies	108,000	108,000	167,014	(59,014)
Repairs and maintenance	1,182,000	1,182,000	1,316,809	(134,809)
Garbage collection	380,000	380,000	406,402	(26,402)
Other	183,915	183,915	182,468	1,447
<b>Capital Outlay</b>	<u>1,080,000</u>	<u>1,080,000</u>	<u>489,874</u>	<u>590,126</u>
<b>Total Expenditures</b>	<u>3,834,115</u>	<u>3,834,115</u>	<u>3,443,486</u>	<u>390,629</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(972,715)	(972,715)	(331,640)	641,075
<b>Other Financing Source - Transfer</b>			2,454	2,454
Fund Balances - Beginning	2,557,108	2,557,108	2,557,108	
<b>Fund Balances - Ending</b>	<u>\$ 1,584,393</u>	<u>\$ 1,584,393</u>	<u>\$ 2,227,922</u>	<u>\$ 643,529</u>

# **Stanley Lake Municipal Utility District**

**Exhibit C(2)**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **Budgets and Budgetary Accounting**

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

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## **TEXAS SUPPLEMENTARY INFORMATION**

# Stanley Lake Municipal Utility District

## SCHEDULE OF SERVICES AND RATES

Year Ended September 30, 2024

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

<u>X</u>	Retail Water	_____	Wholesale Water	_____	Drainage
<u>X</u>	Retail Sewer	_____	Wholesale Sewer	_____	Irrigation
<u>x</u>	Parks/Recreation	_____	Fire Protection	_____	Security
<u>X</u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
_____	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

**2. Retail Service Providers**

**a. Retail rates based on 5/8" meter**

Retail rates not applicable

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

Not Applicable

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water/					
Wastewater	\$ 15.00	5,000	N	\$2.00	5,001-10,000
				2.50	10,001 - 50,000
				3.50	50,001 & over

Wastewater is not metered.

District employs winter averaging for wastewater usage?

Yes \_\_\_ No X

Total charges per 10,000 gallons usage:

Water/Wastewater \$ 25.00

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
< or = .75"	1,633	1,616	x 1.0	1,616
1"	6	6	x 2.5	15
1.5"	10	10	x 5.0	50
2"	85	85	x 8.0	680
3"	1	1	x 15.0	15
4"	3	3	x 25.0	75
6"	3	3	x 50.0	150
8"			x 80.0	
10"	2	2	x 115.0	230
Total Water	1,743	1,726		2,831
Total Wastewater	1,743	1,726	x 1.0	1,726

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

Gallons pumped into system: 309,760,900

Water Accountability Ratio

(Gallons billed/Gallons pumped)

Gallons billed to customers: 263,887,572

85.2%

**4. Standby Fees**

Does the District have Debt Service standby fees? Yes ☐ No ☒  
 If yes, date of the most recent Commission Order \_\_\_\_\_

Does the District have Operation and Maintenance  
 standby fees? Yes ☐ No ☒  
 If yes, date of the most recent Commission Order \_\_\_\_\_

**5. Location of District:**

County(ies) in which District is located. Montgomery  
 Is the District located entirely within one county? Yes ☒ No ☐  
 Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒  
 City(ies) in which District is located. \_\_\_\_\_  
 Is the District located within a city's extra territorial jurisdiction (ETJ)?  
 Entirely ☒ Partly ☐ Not at all ☐  
 ETJ's in which District is located. City of Conroe, Texas  
 Are Board members appointed by an office outside the District?  
 Yes ☐ No ☒  
 If yes, by whom? \_\_\_\_\_

# **Stanley Lake Municipal Utility District**

TSI-2

## **SCHEDULE OF GENERAL FUND EXPENDITURES**

**Year Ended September 30, 2024**

### **Current**

#### **Professional Fees:**

Auditing	\$ 11,500
Legal	75,613
Engineering	80,743
	<u>167,856</u>

#### **Contracted Services:**

Bookkeeping	49,675
Other contracted services	151,817
	<u>201,492</u>

#### **Personnel Services**

#### **Utilities**

157,478

354,093

#### **Materials and Supplies:**

Chemicals and tools	110,066
Office expenses	56,948
	<u>167,014</u>

#### **Repairs and Maintenance:**

Water lines	183,826
Lift Stations	161,325
Meters	50,431
Water plant	308,574
Wastewater plant	176,784
Operator	109,500
Other	326,369
	<u>1,316,809</u>

#### **Other Expenditures:**

Directors fees	22,100
Elections	6,932
Insurance	35,071
Licenses, permits and fees	49,961
Other	68,404
	<u>182,468</u>

#### **Garbage Collection**

406,402

#### **Capital Outlay**

489,874

#### **Total Expenditures**

\$ 3,443,486

Number of employees employed by the District:

	Full-time
<u>4</u>	Part-time



# **Stanley Lake Municipal Utility District**

TSI-3

## **SCHEDULE OF TEMPORARY INVESTMENTS**

**Year Ended September 30, 2024**

<b><u>Funds</u></b>	<b><u>Identification or Certificate Number</u></b>	<b><u>Interest Rate (%)</u></b>	<b><u>Maturity Date</u></b>	<b><u>Balances at September 30, 2024</u></b>	<b><u>Accrued Interest</u></b>
<b><u>General Fund</u></b>					
TexPool	7874200001	Variable	N/A	\$ 2,477,360	\$
<b>Total General Fund</b>				<u>2,477,360</u>	
<b><u>Debt Service Fund</u></b>					
TexPool	7874200002	Variable	N/A	<u>929,173</u>	
<b>Total Debt Service Fund</b>				<u>929,173</u>	
<b>Total All Funds</b>				<u>\$ 3,406,533</u>	<u>\$</u>

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# Stanley Lake Municipal Utility District

TSI-4

## ANALYSIS OF TAXES LEVIED AND RECEIVABLE

### Year Ended September 30, 2024

	General Fund	Debt Service Fund	Total	
Taxes Receivable - October 01, 2023	\$ 31,848	\$ 37,700	\$ 69,548	
Additions and corrections-prior years	(22,389)	(20,470)	(42,859)	
Adjusted Taxes Receivable - October 01, 2023	9,459	17,230	26,689	
2023 Original Tax Roll	1,235,491	1,356,027	2,591,518	
Additions and corrections-current year	92,509	101,534	194,043	
Adjusted tax roll	1,328,000	1,457,561	2,785,561	
<b>Total to be Accounted for</b>	1,337,459	1,474,791	2,812,250	
<b><u>Tax Collections</u></b>				
Current year	1,320,164	1,448,960	2,769,124	
Prior years	(20,211)	(18,104)	(38,315)	
<b>Total Collections</b>	1,299,953	1,430,856	2,730,809	
<b>Taxes Receivable - September 30, 2024</b>	<u>\$ 37,506</u>	<u>\$ 43,935</u>	<u>\$ 81,441</u>	
<b><u>Taxes Receivable - By Tax Year</u></b>				
2023	\$ 7,836	\$ 8,601	\$ 16,437	
2022	3,129	3,413	6,542	
2021	2,662	3,217	5,879	
2020	1,111	1,362	2,473	
2019 and prior	22,768	27,342	50,110	
<b>Taxes Receivable - September 30, 2024</b>	<u>\$ 37,506</u>	<u>\$ 43,935</u>	<u>\$ 81,441</u>	
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><u>Assessed</u></b>				
<b><u>Property Valuations</u></b>	<u>\$ 647,804,921</u>	<u>\$ 586,493,135</u>	<u>\$ 491,461,315</u>	<u>\$ 456,588,082</u>
<b><u>Tax Rates Per \$100</u></b>				
<b><u>Valuations</u></b>				
Debt service	\$ 0.2250	\$ 0.2400	\$ 0.2900	\$ 0.3000
Maintenance & operations	0.2050	0.2200	0.2400	0.2448
<b>Total Tax Rate per</b>				
<b>\$100 Valuation</b>	<u>\$ 0.4300</u>	<u>\$ 0.4600</u>	<u>\$ 0.5300</u>	<u>\$ 0.5448</u>
<b>Tax Levy*</b>	<u>\$ 2,785,561</u>	<u>\$ 2,697,868</u>	<u>\$ 2,604,745</u>	<u>\$ 2,487,492</u>
Percent of taxes collected to taxes levied (as adjusted)	99.4%	99.8%	99.8%	99.9%

\* As adjusted

# Stanley Lake Municipal Utility District

## LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS

September 30, 2024

Due During Fiscal Year Ending Sept. 30	Annual Requirements for All Series			Series 2014		
	Total Principal Due	Total Interest Due	Total Due	Principal Due July 1	Interest January 1, July 1	Total
2025	\$ 790,000	\$ 653,370	\$ 1,443,370	\$ 260,000	\$ 180,963	\$ 440,963
2026	810,000	633,720	1,443,720	265,000	172,513	437,513
2027	830,000	611,907	1,441,907	270,000	163,238	433,238
2028	865,000	581,832	1,446,832	280,000	153,788	433,788
2029	895,000	550,019	1,445,019	290,000	143,638	433,638
2030	930,000	516,632	1,446,632	300,000	132,763	432,763
2031	965,000	481,607	1,446,607	310,000	121,513	431,513
2032	1,005,000	444,432	1,449,432	315,000	109,113	424,113
2033	1,040,000	411,357	1,451,357	325,000	96,513	421,513
2034	1,075,000	377,113	1,452,113	335,000	83,513	418,513
2035	1,110,000	340,256	1,450,256	355,000	68,856	423,856
2036	1,150,000	302,075	1,452,075	375,000	53,325	428,325
2037	1,190,000	261,950	1,451,950	395,000	36,450	431,450
2038	1,235,000	220,325	1,455,325	415,000	18,675	433,675
2039	1,280,000	177,050	1,457,050			
2040	1,330,000	138,650	1,468,650			
2041	1,375,000	98,750	1,473,750			
2042	590,000	55,500	645,500			
2043	615,000	37,800	652,800			
2044	645,000	19,350	664,350			
<b>Totals</b>	<u>\$ 19,725,000</u>	<u>\$ 6,913,695</u>	<u>\$ 26,638,695</u>	<u>\$ 4,490,000</u>	<u>\$ 1,534,861</u>	<u>\$ 6,024,861</u>

  

Due During Fiscal Year Ending Sept. 30	Series 2016			Series 2017R		
	Principal Due July 1	Interest January 1, July 1	Total	Principal Due July 1	Interest January 1, July 1	Total
2025	\$ 70,000	\$ 187,669	\$ 257,669	\$ 400,000	\$ 148,838	\$ 548,838
2026	70,000	186,269	256,269	415,000	140,838	555,838
2027	70,000	184,869	254,869	435,000	131,500	566,500
2028	65,000	183,294	248,294	460,000	114,100	574,100
2029	65,000	181,831	246,831	485,000	95,700	580,700
2030	60,000	180,369	240,369	510,000	76,300	586,300
2031	60,000	178,794	238,794	535,000	55,900	590,900
2032	60,000	177,219	237,219	565,000	34,500	599,500
2033	55,000	175,644	230,644	585,000	17,550	602,550
2034	640,000	174,200	814,200			
2035	660,000	155,000	815,000			
2036	685,000	135,200	820,200			
2037	710,000	114,650	824,650			
2038	735,000	93,350	828,350			
2039	740,000	71,300	811,300			
2040	770,000	49,100	819,100			
2041	800,000	26,000	826,000			
2042						
2043						
2044						
<b>Totals</b>	<u>\$ 6,315,000</u>	<u>\$ 2,454,758</u>	<u>\$ 8,769,758</u>	<u>\$ 4,390,000</u>	<u>\$ 815,226</u>	<u>\$ 5,205,226</u>

Due During Fiscal Year Ending Sept. 30	Series 2019		
	Principal Due July 1	Interest January 1, July 1	Total
2025	\$ 60,000	\$ 135,900	\$ 195,900
2026	60,000	134,100	194,100
2027	55,000	132,300	187,300
2028	60,000	130,650	190,650
2029	55,000	128,850	183,850
2030	60,000	127,200	187,200
2031	60,000	125,400	185,400
2032	65,000	123,600	188,600
2033	75,000	121,650	196,650
2034	100,000	119,400	219,400
2035	95,000	116,400	211,400
2036	90,000	113,550	203,550
2037	85,000	110,850	195,850
2038	85,000	108,300	193,300
2039	540,000	105,750	645,750
2040	560,000	89,550	649,550
2041	575,000	72,750	647,750
2042	590,000	55,500	645,500
2043	615,000	37,800	652,800
2044	645,000	19,350	664,350
<b>Totals</b>	<u>\$ 4,530,000</u>	<u>\$ 2,108,850</u>	<u>\$ 6,638,850</u>

# **Stanley Lake Municipal Utility District**

## **ANALYSIS OF CHANGES IN LONG-TERM DEBT**

**Year Ended September 30, 2024**

	<b><u>2014</u></b>	<b><u>2016</u></b>	<b><u>2017R</u></b>	<b><u>2019</u></b>
Interest rate	2.5-4.0%	2.0-3.25%	2.0-4.0%	3.0%
Dates interest payable	1/1;7/1	1/1;7/1	1/1;7/1	1/1;7/1
Maturity dates	7/1/15- 7/1/38	7/1/24- 7/1/41	7/1/18- 7/1/33	7/1/20- 7/1/44
Callable dates	7/1/23	7/1/26	7/1/27	7/1/29
Original issue amount	\$ 5,370,000	\$ 6,390,000	\$ 4,900,000	\$ 4,780,000
Bonds outstanding at beginning of year	\$ 4,740,000	\$ 6,390,000	\$ 4,775,000	\$ 4,585,000
Bonds sold				
Bonds refunded				
Principal retirements	<u>(250,000)</u>	<u>(75,000)</u>	<u>(385,000)</u>	<u>(55,000)</u>
<b>Bonds Outstanding at End of Current Year</b>	<u>\$ 4,490,000</u>	<u>\$ 6,315,000</u>	<u>\$ 4,390,000</u>	<u>\$ 4,530,000</u>
<b>Interest Payments</b>	<u>\$ 188,462</u>	<u>\$ 189,169</u>	<u>\$ 160,388</u>	<u>\$ 137,550</u>

### **Paying Agent/Registrar**

Series 2009, 2011R, 2014,  
2016 and 2017R

Wells Fargo Bank Texas, N.A.  
Houston, Texas

Series 2019

Regions Bank  
Houston, Texas

<b><u>Bond Authority</u></b>	<b><u>Tax and Revenue Bonds</u></b>	<b><u>Defined Area Tax Bonds</u></b>
Amount authorized	\$ 52,500,000	\$ 24,170,000
Amount issued	\$ 32,047,873	
Remaining	<u>\$ 20,452,127</u>	<u>\$ 24,170,000</u>

Debt Service Fund Cash and Temporary Investment Balances at End of Year  
Average Annual Debt Service Payment for Remaining Term of all Debt

\$ 929,173  
\$ 1,331,935

**Total**

\$ 20,490,000

(765,000)

\$ 19,725,000

\$ 675,569

# **Stanley Lake Municipal Utility District**

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

### **Last Five Fiscal Years**

	<b>Amounts</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><u>General Fund Revenues</u></b>					
Water and sewer service	\$ 1,370,406	\$ 1,454,129	\$ 1,078,908	\$ 926,014	\$ 899,903
Property taxes	1,299,953	1,286,511	1,175,281	1,116,447	1,095,446
Penalties and interest	17,224		3,787	18,544	17,304
Tap connection fees	69,274	135,712	216,619	198,270	26,775
Interest and other	354,989	131,777	185,782	62,197	84,519
<b>Total Revenues</b>	<u>3,111,846</u>	<u>3,008,129</u>	<u>2,660,377</u>	<u>2,321,472</u>	<u>2,123,947</u>
<b><u>General Fund Expenditures</u></b>					
Current	2,953,612	2,703,522	2,614,221	2,179,228	1,733,613
Capital outlay	489,874	63,211		5,730	522,146
<b>Total Expenditures</b>	<u>3,443,486</u>	<u>2,766,733</u>	<u>2,614,221</u>	<u>2,184,958</u>	<u>2,255,759</u>
<b>Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ (331,640)</u>	<u>\$ 241,396</u>	<u>\$ 46,156</u>	<u>\$ 136,514</u>	<u>\$ (131,812)</u>
 <b><u>Debt Service Fund Revenues</u></b>					
Property taxes	\$ 1,430,856	\$ 1,403,629	\$ 1,420,154	\$ 1,368,084	\$ 1,314,153
Penalty and interest	13,271	8,691	9,763	5,823	7,551
Interest	78,166	19,489	2,750	1,589	10,979
<b>Total Revenues</b>	<u>1,522,293</u>	<u>1,431,809</u>	<u>1,432,667</u>	<u>1,375,496</u>	<u>1,332,683</u>
<b><u>Debt Service Fund Expenditures</u></b>					
Tax collection	39,261	22,429	25,246	20,631	3,413
Debt service	1,444,600	1,438,216	1,444,701	1,444,262	1,458,874
<b>Total Expenditures</b>	<u>1,483,861</u>	<u>1,460,645</u>	<u>1,469,947</u>	<u>1,464,893</u>	<u>1,462,287</u>
<b>Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>\$ 38,432</u>	<u>\$ (28,836)</u>	<u>\$ (37,280)</u>	<u>\$ (89,397)</u>	<u>\$ (129,604)</u>



Percent of Total Fund Revenues				
2024	2023	2022	2021	2020
44.0 %	48.2 %	40.6 %	39.9 %	42.4 %
41.8	42.8	44.2	48.1	51.6
0.6		0.1	0.8	0.8
2.2	4.5	8.1	8.5	1.3
11.4	4.5	7.0	2.7	3.9
100.0	100.0	100.0	100.0	100.0
94.9	89.9	98.3	93.9	81.6
15.7	2.1		0.2	24.6
110.6	92.0	98.3	94.1	106.2
(10.6) %	8.0 %	1.7 %	5.9 %	(6.2) %
94.0 %	98.0 %	99.1 %	99.5 %	98.6 %
0.9	0.6	0.7	0.4	0.6
5.1	1.4	0.2	0.1	0.8
100.0	100.0	100.0	100.0	100.0
2.6	1.6	1.8	1.5	0.3
94.9	100.4	100.8	105.0	109.5
97.5	102.0	102.6	106.5	109.8
2.5 %	(2.0) %	(2.6) %	(6.5) %	(9.8) %

# **Stanley Lake Municipal Utility District**

TSI-8

## **BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**

**September 30, 2024**

District's Mailing Address: 875 Lake View Drive  
Montgomery, TX 77356

District's Business Telephone Number: (936) 582-1010

Submission Date of most recent District Registration Form  
(TWC Sections 36.054 and 49.054) May 10, 2024

Limit on Fees of Office that a Director may receive during a  
fiscal year (Set by Board Resolution - TWC Section 49.6000): \$ 7,200

<b><u>Names</u></b>	<b><u>Term or Date Hired</u></b>	<b><u>Fees of Office Paid</u></b>	<b><u>Expenses</u></b>	<b><u>Title at Year-End</u></b>
<b><u>Board Members</u></b>				
Kerry Masson	5/24-5/28	\$ 5,083	\$ 854	President
W. Bruce Douglass, Jr.	5/22-5/26	2,873		Vice President
Michael Algermissen	5/24-5/28	6,188		Vice President
Charles L. Laine, III	5/24-5/28	5,304	2,165	Secretary /Treasurer
Torii Slezinsky	5/22-5/26	2,652		Asst. Secretary /Treasurer
<b><u>Consultants</u></b>				
Bacon, Wallace & Philbin, L.L.P.	11/1/2001	103,409		Attorney
Tammy McRae, Montgomery County	10/1/2018	24,911		Tax Assessor/ Collector
Bleyl Engineering	6/17/2005	313,391		Engineer
Hays Utility North Corporation	10/1/21	932,039		Operator
L & S District Services, LLC	6/10/2022	49,675		Bookkeeper
Knox Cox & Co., L.L.P.	8/12/2016	11,500		Independent Auditor