

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 20, 2025

THIS PRELIMINARY OFFICIAL STATEMENT is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the OFFICIAL STATEMENT will be completed and delivered to the Underwriter.

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

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

NEW ISSUE-BOOK-ENTRY-ONLY

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 458  
(A political subdivision of the State of Texas located within Harris County)  
\$3,510,000  
UNLIMITED TAX BONDS  
SERIES 2025

Dated Date: December 1, 2025

Due: September 1, as shown on the cover

Interest Accrual Date: Date of Delivery

The bonds described above (the "Bonds") are obligations solely of Harris County Municipal Utility District No. 458 (the "District"), and are not obligations of the State of Texas, Harris County, the City of Houston, the Master District (as defined herein) or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about December 10, 2025) (the "Date of Delivery") and is payable on each March 1 and September 1 (each an "Interest Payment Date") commencing March 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of \$5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the cover.

The Bonds will be registered and delivered only 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 (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the DTC participants. 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, as herein defined, directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY-ONLY SYSTEM."

MATURITY SCHEDULE

Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (d)	CUSIP Number (c)	Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (d)	CUSIP Number (c)
2027	\$ 65,000				2040	\$ 130,000	(b)		
2028	70,000				2041	135,000	(b)		
2029	75,000				2042	145,000	(b)		
2030	75,000				2043	150,000	(b)		
2031	80,000				2044	160,000	(b)		
2032	85,000	(b)			2045	165,000	(b)		
2033	90,000	(b)			2046	175,000	(b)		
2034	95,000	(b)			2047	185,000	(b)		
2035	100,000	(b)			2048	195,000	(b)		
2036	105,000	(b)			2049	205,000	(b)		
2037	110,000	(b)			2050	215,000	(b)		
2038	115,000	(b)			2051	225,000	(b)		
2039	120,000	(b)			2052	240,000	(b)		

- (a) The Underwriter (hereinafter defined) may designate one or more maturities as term bonds. See accompanying "OFFICIAL NOTICE OF SALE" and "OFFICIAL BID FORM."
- (b) Bonds maturing on or after September 1, 2032, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on September 1, 2031, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
- (c) CUSIP Numbers will be assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (d) Initial Reoffering Yield represents the initial offering yield to the public, which will be established by the Underwriter for offers to the public and which subsequently may be changed.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein.

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson, LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about December 10, 2025.

BIDS DUE: Monday, November 10, 2025, at 9:00 A.M., Houston Time, in Houston, Texas  
BID AWARD: Monday, November 10, 2025, at 11:00 A.M., Houston Time, in Houston, Texas

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. 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 sale 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.

## TABLE OF CONTENTS

<b>MATURITY SCHEDULE .....</b>	<b>1</b>	<b>THE SYSTEM .....</b>	<b>29</b>
<b>USE OF INFORMATION IN OFFICIAL STATEMENT .....</b>	<b>3</b>	The Master District Contract.....	29
<b>SALE AND DISTRIBUTION OF THE BONDS.....</b>	<b>4</b>	Master District Facilities .....	30
Award of the Bonds.....	4	Internal Water Distribution, Wastewater Collection and Storm	
Prices and Marketability.....	4	Drainage Facilities.....	30
Securities Laws.....	4	Flood Protection and Drainage .....	30
<b>PRELIMINARY OFFICIAL STATEMENT SUMMARY .....</b>	<b>5</b>	Subsidence and Conversion to Surface Water Supply .....	31
<b>SELECTED FINANCIAL INFORMATION (UNAUDITED).....</b>	<b>8</b>	Regulation.....	31
<b>RISK FACTORS .....</b>	<b>9</b>	Water and Wastewater Operations .....	32
General .....	9	<b>THE ROAD SYSTEM.....</b>	<b>33</b>
Dependence on Major Taxpayers and the Developers.....	9	<b>FINANCIAL INFORMATION CONCERNING THE</b>	
Personal Property .....	10	<b>DISTRICT (UNAUDITED).....</b>	<b>34</b>
Undeveloped Acreage and Vacant Lots.....	10	Investments of the District.....	34
Economic Factors and Interest Rates.....	10	Outstanding Bonds .....	34
Credit Markets and Liquidity in the Financial Markets .....	10	Debt Service Requirements .....	35
Trade Disruptions and Increase in Costs of Building Materials.....	10	Estimated Overlapping Debt .....	36
Developer Obligation to the District.....	10	Overlapping Taxes .....	36
Rental Homes .....	10	<b>TAX DATA .....</b>	<b>37</b>
Possible Impact on District Tax Rates .....	11	Debt Service Tax .....	37
Overlapping Master District Debt and Contract Tax .....	11	Contract Tax.....	37
Tax Collections Limitations and Foreclosure Remedies.....	12	Maintenance and Operations Tax .....	37
Specific Flood Type Risks.....	12	Historical Tax Rate Distribution.....	37
Atlas 14 .....	13	Historical Tax Collections.....	37
Potential Effects of Oil Price Fluctuations on the Houston Area....	13	Additional Penalties .....	38
Extreme Weather Events .....	13	Tax Roll Information.....	38
Registered Owners' Remedies and Bankruptcy Limitations.....	13	Principal Taxpayers.....	38
Future Debt.....	14	Tax Adequacy for Debt Service .....	39
Marketability of the Bonds .....	14	<b>TAXING PROCEDURES.....</b>	<b>39</b>
Environmental and Air Quality Regulations.....	15	Authority to Levy Taxes.....	39
Changes in Tax Legislation .....	16	Property Tax Code and County-Wide Appraisal District .....	39
Continuing Compliance with Certain Covenants.....	16	Property Subject to Taxation by the District.....	40
Risk Factors Related to the Purchase of Municipal Bond		Tax Abatement.....	41
Insurance .....	17	Valuation of Property for Taxation.....	41
<b>THE BONDS .....</b>	<b>17</b>	District and Taxpayer Remedies.....	41
Description .....	17	Levy and Collection of Taxes.....	42
Method of Payment of Principal and Interest .....	17	Rollback of Operation and Maintenance Tax Rate.....	42
Source of Payment.....	17	District's Rights in the Event of Tax Delinquencies.....	43
No Arbitrage.....	18	<b>MUNICIPAL BOND RATING AND MUNICIPAL BOND</b>	
Funds .....	18	<b>INSURANCE .....</b>	<b>43</b>
Redemption Provisions.....	18	<b>LEGAL MATTERS .....</b>	<b>43</b>
Authority for Issuance .....	19	Legal Proceedings .....	43
Registration and Transfer .....	19	No Material Adverse Change .....	44
Lost, Stolen or Destroyed Bonds .....	19	No-Litigation Certificate .....	44
Replacement of Paying Agent/Registrar.....	19	<b>TAX MATTERS.....</b>	<b>44</b>
Legal Investment and Eligibility to Secure Public Funds in Texas.....	20	Tax Exemption .....	44
Issuance of Additional Debt .....	20	Qualified Tax-Exempt Obligations.....	45
Annexation by the City of Houston .....	20	Additional Federal Income Tax Considerations .....	45
Consolidation .....	21	Tax Legislative Changes .....	46
Remedies in Event of Default.....	21	<b>PREPARATION OF PRELIMINARY OFFICIAL</b>	
Defeasance .....	21	<b>STATEMENT.....</b>	<b>47</b>
<b>BOOK-ENTRY-ONLY SYSTEM .....</b>	<b>22</b>	Sources and Compilation of Information.....	47
<b>USE AND DISTRIBUTION OF BOND PROCEEDS .....</b>	<b>24</b>	Financial Advisor.....	47
<b>ELYSON.....</b>	<b>24</b>	Consultants.....	47
<b>THE DISTRICT .....</b>	<b>25</b>	Updating the Official Statement.....	47
General .....	25	Certification of Official Statement .....	48
Description and Location.....	25	<b>CONTINUING DISCLOSURE OF INFORMATION .....</b>	<b>48</b>
Land Use .....	25	Annual Reports.....	48
Status of Development.....	26	Event Notices .....	48
Future Development .....	26	Availability of Information from the MSRB .....	49
<b>THE DEVELOPERS.....</b>	<b>26</b>	Limitations and Amendments.....	49
Role of a Developer.....	26	Compliance With Prior Undertakings.....	49
NASH FM529 LLC.....	27	<b>MISCELLANEOUS .....</b>	<b>49</b>
PPE GCW, LP .....	27	<b>AERIAL LOCATION MAP</b>	
Obligations of the Developers .....	27	<b>PHOTOGRAPHS OF THE DISTRICT</b>	
<b>MANAGEMENT OF THE DISTRICT .....</b>	<b>28</b>	<b>APPENDIX A—Independent Auditor's Report and Financial</b>	
Board of Directors .....	28	Statements of the District for the year ended	
District Consultants .....	28	December 31, 2024	

## USE OF INFORMATION IN OFFICIAL STATEMENT

For purpose of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the “SEC”), as amended and in effect on the date hereof, this document constitutes an PRELIMINARY 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 SEC Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this PRELIMINARY 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 PRELIMINARY OFFICIAL STATEMENT is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

This PRELIMINARY 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 PRELIMINARY OFFICIAL STATEMENT nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this PRELIMINARY OFFICIAL STATEMENT current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this PRELIMINARY OFFICIAL STATEMENT until delivery of the Bonds to the Underwriter and thereafter only as specified in “PREPARATION OF PRELIMINARY OFFICIAL STATEMENT—Updating the Official Statement.”

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

### **Award of the Bonds**

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by \_\_\_\_\_ (the "Underwriter"), paying 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 prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

### **Securities Laws**

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

## PRELIMINARY OFFICIAL STATEMENT SUMMARY

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

### THE DISTRICT

<i>Description...</i>	Harris County Municipal Utility District No. 458 (the “District”) is a political subdivision of the State of Texas, created by an order of the Texas Commission of Environmental Quality (the “TCEQ”) on December 21, 2006, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8418 of the Texas Special District Local Laws Code. The District consists of approximately 589 acres of land. See “THE DISTRICT.”
<i>Location...</i>	The District is located approximately 35 miles west of the central downtown business district of the City of Houston, Texas in Harris County. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. Access to the District is provided by the Grand Parkway (Texas State Highway 99). Main thoroughfares to the community include Farm-to-Market 529, Katy Hockley Cut-Off Road, Peek Road, Stockdick Road and Beckendorff Road with the main entrance to Elyson on Farm-to-Market 529. See “THE DISTRICT—Description and Location” and “AERIAL LOCATION MAP.”
<i>Elyson...</i>	<p>The District is one of six municipal utility districts being developed and marketed as part of Elyson, a master-planned community currently planned to encompass approximately 3,599 acres at full development.</p> <p>Recreational amenities within Elyson include a 6,500 square foot welcome center that includes a pool, a fitness center, a game room located in Harris County Municipal Utility District No. 457 and a second 3,600 square foot recreation center within Harris County Municipal Utility District No. 534 which includes two pools, a fitness center, and a space for special events and other activities. Park and open space within the District are or are planned to be connected by a master trail system.</p>
<i>The Developers...</i>	<p>NASH FM 529, LLC (“Nash FM 529”) a Delaware limited liability company, was created for the sole purpose of acquiring and developing Elyson, including the District, and its only substantial asset consists of land in Elyson. North America Sekisui House L.L.C., a Delaware limited liability company, owns a 95% interest in NASH FM 529. American Newland Communities II, LLC, a Delaware limited liability company (“Newland”) owns a 5% interest in NASH FM 529. Newland is wholly owned by Brookfield Communities US, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development L.L.C. (“Brookfield”), which is indirectly wholly owned by Brookfield Residential Properties, Inc. Brookfield is a global developer and operator of real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics. NASH FM 529 has currently developed approximately 46 acres within the District. Such acreage consists of approximately 16 acres for single-family rental residential being marketed as Millers at Elyson (126 lots and 13 duplexes) and approximately 30 acres of traditional single-family residential (145 lots). Nash FM 529 continues to own approximately 147 acres of vacant land within the District.</p> <p>PPE GCW, LP, a Texas limited partnership (“PPE”) is the developer of approximately 149 acres of land in the District, all of which is served with utilities. Approximately 37 acres of land and buildings of such acreage comprises the Builders FirstSource distribution center (838,446 square feet). Builders FirstSource leases such facilities from PPE and is responsible for all tax payments on such land and building. In addition, Southeastern Freight Lines has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage. PPE continues to own approximately 85 acres of vacant developable land within the District.</p> <p>Nash FM 529, Brookfield and PPE are collectively referred to herein as the “Developers.” Neither the Developers nor any other landowner are obligated to pay any principal of or interest on the Bonds. See “RISK FACTORS—Dependence on Major Taxpayers and the Developers,” THE DISTRICT—Status of Development,” “THE DEVELOPERS” and “TAX DATA—Principal Taxpayers.”</p>

*Status of Development...*

As of October 15, 2025, single-family residential includes 126 rental home lots and 13 duplex lots (26 residential units) on approximately 16 acres. As of October 15, 2025, 118 rental homes/duplex lots were completed and occupied, 21 rental homes/duplex lots were under construction and 0 rental home/duplex lots were vacant. The rental community is owned and leased by Brookfield. See “RISK FACTORS—Rental Homes.” In addition, approximately 30 acres within the District has been developed as Elyson Cy-Fair, Section One, consisting of 145 traditional single-family lots, on which residential home construction began in July 2025. As of October 15, 2025, 0 traditional single-family homes were completed and occupied, 33 traditional single-family homes were under construction and 112 traditional single-family lots were vacant. Brookfield and David Weekley are the homebuilders within such section with prices ranging from approximately \$350,000 to \$425,000.

Commercial/Industrial: Approximately 195 acres within the District have been served with trunk utilities for commercial/industrial use, of which approximately 64 acres have had taxable improvements constructed as of October 15, 2025. Such development currently includes the Builders FirstSource distribution center (838,446 square feet) which has been constructed on approximately 37 acres of such acreage and Southeastern Freight Lines which has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage.

Tax-Exempt: Harmony Charter School owns approximately 26 acres within the District upon which a school campus has been constructed. The school site is exempt from ad valorem taxation.

Approximately 206 acres are not developable (public right-of-way, detention, lakes, amenities, open spaces, easements, parks and utility sites), and approximately 116 developable acres have not been provided with trunk facilities as of October 15, 2025. See “RISK FACTORS,” “THE DISTRICT—Status of Development,” and “TAX DATA—Principal Taxpayers.”

*Water and Wastewater...*

Harris County Municipal Utility District No. 171 (the “Master District”), in its capacity as the provider of regional water, wastewater, storm sewer facilities (“Master District Water/Sewer/Drainage Facilities”), regional park facilities (“Master District Park Facilities”), regional road facilities (“Master District Road Facilities”) and other facilities necessary to serve the Service Area (as defined herein), including the District (hereinafter collectively referred to as the “Master District Facilities”), has contracted with the District to construct and provide service from the Master District Facilities. The Master District owns and operates the Master District Facilities, with the exception of roads conveyed to and accepted by Harris County. See “THE ROAD SYSTEM.” The District provides the internal water distribution, wastewater collection and storm drainage utilities within its boundaries. See “THE SYSTEM—The Master District Contract,” and “—Master District Facilities.”

*Payment Record...*

The District has previously issued \$5,590,000 principal amount of unlimited tax bonds for road purposes in one series, all of which collectively remains outstanding as of the date hereof (the “Outstanding Bonds”). See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds.” The Bonds are the District’s first issuance of unlimited tax bonds for water, sewer and drainage facilities. The District capitalized \$556,363 of interest from proceeds of the Series 2025 Road Bonds in June 2025 and will capitalize twenty-four (24) months of interest from Bond proceeds for payment of principal and interest on the Bonds. The District has never defaulted on its debt service obligations. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

## **THE BONDS**

*Description...*

The \$3,510,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”) are being issued as fully registered bonds pursuant to a resolution (the “Bond Resolution”) authorizing the issuance of the Bonds adopted by the District’s Board of Directors (the “Board”). The Bonds are scheduled to mature serially on September 1 in the years 2027 through 2052, both inclusive, in the principal amounts and accrue interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery, and is payable on March 1, 2026, and each September 1 and March 1 thereafter, until maturity or prior redemption. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. See “THE BONDS.”

<i>Book-Entry-Only System...</i>	The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully- registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after September 1, 2032, are subject to redemption prior to their maturity dates in whole, or from time to time in part, at the option of the District on September 1, 2031, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to pay for items as shown under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds will be used to capitalize twenty-four (24) months of interest on the Bonds; to pay interest on funds advanced by the Developers on behalf of the District; to pay engineering fees and administrative costs; and to pay certain other costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance...</i>	The Bonds are the first series of bonds issued out of an aggregate of \$158,180,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sewer and drainage facilities and for the further purpose of refunding such bonds. The Bonds are issued by the District pursuant to an election held within the District, an order of the TCEQ, the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “THE BONDS—Authority for Issuance,” “—Issuance of Additional Debt,” and “RISK FACTORS—Future Debt.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, the Master District or any entity other than the District. See “THE BONDS—Source of Payment.”
<i>Municipal Bond Rating...</i>	<p>The District has not applied for an underlying investment grade rating nor is it expected that the District would have been successful if such application had been made.</p> <p>Applications have been made to municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, the purchase of municipal bond insurance with respect to the Bonds is optional and at the expense of the Underwriters. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance” and “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”</p>
<i>Qualified Tax-Exempt Obligations...</i>	The Bonds will be designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986. See “TAX MATTERS—Qualified Tax-Exempt Obligations.”
<i>Bond Counsel...</i>	Allen Boone Humphries Robinson LLP, Houston, Texas. See “MANAGEMENT OF THE DISTRICT” and “LEGAL MATTERS.”
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas.
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A., Houston, Texas.

## **RISK FACTORS**

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

## SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$158,498,413	(a)
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$169,794,451	(b)
Gross Direct Debt Outstanding .....	\$ 9,100,000	(c)
Estimated Overlapping Debt .....	<u>15,121,856</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$24,221,856	
Ratios of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation .....	5.74%	
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	5.36%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation .....	15.28%	
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	14.27%	
Debt Service Funds Available:		
Road Debt Service Funds Available as of October 20, 2025 .....	\$500,893	(e)(f)
Capitalized Interest from Bonds Proceeds (Twenty-Four (24) Months).....	<u>368,550</u>	(f)
Total Debt Service Funds Available .....	\$869,443	
Operating Funds Available as of October 20, 2025 .....	\$1,440,820	
Contract Tax Funds Available as of October 20, 2025 .....	\$ 45,841	(g)
Anticipated 2025 Debt Service Tax Rate .....	\$0.030	
Anticipated 2025 Maintenance Tax Rate .....	0.365	
Anticipated 2025 Contract Tax Rate .....	<u>0.805</u>	(g)
Anticipated 2025 Total Tax Rate .....	\$1.200	(h)
Average Annual Debt Service Requirement (2026-2052).....	\$619,178	(i)
Maximum Annual Debt Service Requirement (2052).....	\$634,938	(i)
Tax Rates Required to Pay Average Annual Debt Service (2026-2052) at a 95% Collection Rate		
Based upon 2025 Certified Taxable Assessed Valuation.....	\$0.42	(j)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$0.39	(j)
Tax Rates Required to Pay Maximum Annual Debt Service (2052) at a 95% Collection Rate		
Based upon 2025 Certified Taxable Assessed Valuation.....	\$0.43	(j)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$0.40	(j)
Status of Development as of October 15, 2025 (k):		
<u>Rental Single-Family</u>		
Total Rental Single-Family Lots Completed (126 lots and 13 Duplex).....	139	
Total Rental Single-Family Occupied.....	118	
Total Rental Homes/Duplex Under Construction .....	21	
Total Rental Homes/Duplex Lots Available for Home Construction .....	0	
<u>Traditional Single-Family</u>		
Total Traditional Single-Family Lots Completed .....	145	
Total Traditional Single-Family Occupied .....	0	
Total Traditional Single-Family Under Construction .....	33	
Total Traditional Single-Family Lots Available for Home Construction .....	112	
Commercial/Industrial .....	(j)	
Estimated Population .....	413	(l)

- (a) As certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on August 1, 2025, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2025 and August 1, 2025 will be certified as of January 1, 2026. See "TAXING PROCEDURES."
- (c) The Outstanding Bonds and the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt," and "—Overlapping Taxes."
- (e) Funds in the Water/Sewer/Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on bonds issued for road facilities and are not available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds. See "THE BONDS—Funds."
- (f) The Road Debt Service Fund consists of capitalized interest from the Outstanding Bonds. The District will capitalize twenty-four (24) months of interest from the Bonds proceeds and deposit such funds in the Water/Sewer/Drainage Debt Service Fund. The amounts above are based on an estimated interest rate of 5.25%. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (g) See "RISK FACTORS—Overlapping Master District Debt and Contract Tax Rates" and "THE SYSTEM—The Master District Contract."
- (h) The District has authorized the publication of its intent to levy a total tax rate of \$1.20 per \$100 of taxable assessed valuation (consisting of \$0.03 for debt service, \$0.365 for maintenance and operations and \$0.805 for contract tax) in October 2025 and expects to adopt such rate in November 2025. See "TAX DATA—Tax Rate Distribution."
- (i) Based upon an estimated interest rate of 5.25%. The District expects to levy its initial debt service tax in 2025. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (j) See "TAX DATA—Tax Adequacy for Debt Service" and "RISK FACTORS—Possible Impact on District Tax Rates."
- (k) See "THE DISTRICT—Status of Development."
- (l) Based upon 3.5 persons per occupied single-family residence.



## **PRELIMINARY OFFICIAL STATEMENT**

### **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 458** *(A political subdivision of the State of Texas located within Harris County)*

**\$3,510,000**

#### **UNLIMITED TAX BONDS**

#### **SERIES 2025**

This PRELIMINARY OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 458 (the “District”) of its \$3,510,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”).

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

This PRELIMINARY OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, NASH FM 529, LLC, a Delaware limited liability company (“NASH FM 529”), Brookfield Properties Development L.L.C. (“Brookfield”), PPE GCW, LP, a Texas limited partnership (“PPE”) and development activity in the District. NASH FM 529, Brookfield and PPE are collectively referred herein as the “Developers.” All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

## **RISK FACTORS**

### **General**

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

### **Dependence on Major Taxpayers and the Developers**

There is a high concentration of ownership of taxable value in the District. The ten principal taxpayers represent \$158,494,167 or roughly 100.00% of the 2025 Certified Taxable Assessed Valuation of \$158,498,413 within the District as of January 1, 2025. See “THE DEVELOPERS” and “TAX DATA—Principal Taxpayers.” The principal taxpayer is GCW BFS SPV LLC representing \$86,338,000 or 54.47% of the 2025 Certified Taxable Assessed Valuation and consists of the Builders FirstSource warehouse/distribution center. The land and building of such property are leased from PPE. GCW BFS SPV LLC is responsible for all tax payments on such land and building. NASH FM 529 LLC is the second largest taxpayer in the District representing approximately \$22,668,354 or 14.30% of the 2025 Certified Taxable Assessed Valuation. An accurate principal taxpayer list related to the Estimated Taxable Assessed Valuation as of August 1, 2025, of \$169,794,451, is not available as of the date hereof. The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay taxes in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect upon the District’s ability to pay debt service on the Bonds. See “Tax Collections Limitations and Foreclosure Remedies” herein.

The Developers and their affiliates have informed the District that their current plans are to continue developing their property in the District and/or marketing lots and commercial tracts. However, neither the Developers nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers and other landowners to implement any plan of development. Furthermore, there is no restriction on any landowner’s right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developers, their affiliates or any other landowners. See “THE DEVELOPERS” and “THE DISTRICT—Status of Development.”

## **Personal Property**

A portion of the District's 2025 tax base is comprised of constructed distribution/warehouse facilities. As of the 2025 certified tax roll provided by the Appraisal District, approximately 0.72% of such certified value is comprised of personal property due to timing of construction and appraisal roll. Such percentage of personal property is likely to increase significantly as more buildings and other improvements in the District are completed. Unlike real property, there is no certainty that personal property will remain in the District from year to year. Business inventories are portable and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year. See "THE DEVELOPERS" and "TAX DATA—Principal Taxpayers."

## **Undeveloped Acreage and Vacant Lots**

There are approximately 116 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage facilities necessary to the construction of new development and 0 rental homes/ duplex lots and 112 traditional single family lots that remain vacant as of October 15, 2025. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding programs. Failure of the Developers to develop the developable land or of builders to construct taxable improvements on the land could restrict the rate of growth of taxable values in the District.

## **Economic Factors and Interest Rates**

A substantial percentage of the taxable value of the District results from the current market value of commercial/industrial properties, multi-family, and undeveloped land. The market value of such properties and undeveloped land is related to general economic conditions in the greater Houston region and the national economy and those conditions can affect the demand for residences. Demand for properties of this type, and undeveloped land can be significantly affected by factors such as interest rates, credit availability, construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could impact such values.

## **Credit Markets and Liquidity in the Financial Markets**

Interest rates and the availability of development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 35 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City of Houston and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

## **Trade Disruptions and Increase in Costs of Building Materials**

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

## **Developer Obligation to the District**

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

## **Rental Homes**

As of October 15, 2025, approximately 139 (126 home lots and 13 duplex lots) of the completed 284 lots of single-family residential development within the District are considered rental properties. Upon completion, such properties are owned by Brookfield and leased to residents in the District. This is expected to result in a larger term concentration of assessed valuation in a single property owner. Brookfield is responsible for the payment of property taxes and maintenance of the homes. See "THE DISTRICT—Status of Development."

### **Possible Impact on District Tax Rates**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2025 Certified Taxable Assessed Valuation is \$158,498,413. After issuance of the Bonds, the maximum annual debt service requirement will be \$634,938 (2052), and the average annual debt service requirement will be \$619,178 (2026-2052 inclusive). Assuming no increase or decrease from the 2025 Certified Taxable Assessed Valuation of \$158,498,413, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.42 and \$0.43 per \$100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of August 1, 2025 of \$169,794,451, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.39 and \$0.40 per \$100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2025 Certified Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2025, the District can make no representations regarding the future level of assessed valuation within the District. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements” and “TAX DATA—Tax Adequacy for Debt Service.”

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of August 1, 2025 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. The Estimated Taxable Assessed Valuation is provided by the Appraisal District for informational purposes only. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025 and August 1, 2025, will be certified as of January 1, 2026, and provided for purposes of taxation in the summer of 2025. See “TAXING PROCEDURES.”

### **Overlapping Master District Debt and Contract Tax**

Harris County Municipal Utility District No. 171 (the “Master District,” or “MUD 171”) is a political subdivision of the State of Texas, created by an order of the Texas Water Commission (predecessor to the TCEQ) on October 16, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The Master District also serves as a provider of regional water, wastewater, drainage, regional park/recreational and regional road facilities to the approximate 3,599 acre Service Area, which includes the following municipal utility districts: MUD 171, Harris County Municipal Utility District No. 457 (“MUD 457”), Harris County Municipal Utility District No. 532 (“MUD 532”), Harris County Municipal Utility District No. 533 (“MUD 533”), Harris County Municipal Utility District No. 534 (“MUD 534”) and the District. Each of MUD 171, MUD 457, MUD 532, MUD 533, MUD 534 and the District has executed a Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended (individually referred to as the “Master District Contract” and collectively referred to as the “Master District Contracts”) and are referred to herein as the “Participants.”

The Master District has issued contract revenue bonds for the purpose of purchasing or acquiring regional water, sanitary sewer, and drainage facilities (“Water/Sewer/Drainage Contract Revenue Bonds”) in the principal amount of \$210,695,000, \$201,095,000 of which is outstanding as of the date hereof (including approximately \$50,000,000 in principal amount of contract revenue bonds expected to be issued on October 29, 2025). In addition, the Master District has issued contract revenue bonds for the purpose of constructing or acquiring roads and related improvements (“Road Contract Revenue Bonds”) in the principal amount of \$16,980,000, \$15,740,000 of which is currently outstanding. All issuances of contract revenue bonds are pursuant to an indenture of trust. The Master District Contracts obligate each Participant to pay a pro rata share of the debt service on the Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds based upon the Certified Appraised Value of each Participant as a percentage of the Certified Appraised Value of all Participants, calculated annually. Each Participant is obligated to make such payments (“Water/Sewer/Drainage Contract Payments” and “Road Contract Payments,” respectively, and “Contract Payments” collectively) from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on all taxable property within its boundaries (“Water/Sewer/Drainage Contract Tax” and “Road Contract Tax,” respectively), or from any other lawful source of such Participant's income. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District's contract revenue bonds are issued.

The Water/Sewer/Drainage Contract Tax and the Road Contract Tax are referred to herein collectively as the “Contract Tax;” the Road Contract Revenue Bonds and Water/Sewer/Drainage Contract Revenue Bonds are referred to herein collectively as the “Contract Revenue Bonds;” and the Road Contract Payment and Water/Sewer/Drainage Contract Payment are referred to herein collectively as the “Contract Payment.” Pursuant to the Master District Contracts, the Master District shall not issue Contract Revenue Bonds for park or recreational facilities. The Master District may, however, require Participants to remit Park Construction Charges (as defined in the Master District Contract) to pay for Master District Park Facilities.

The Contract Tax is in addition to the direct total tax rate of the District. The District levied a \$1.18 total tax rate in 2024, including a \$0.73 Contract Tax. The District cannot represent whether any of the development planned or occurring in the Service Area will be successful or whether the appraised valuation of the land located within the Service Area will justify payment of the Contract Tax by property owners. Increases in the Contract Tax rate could have an adverse impact upon future development and/or home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied the District, including the Contract Tax.

The Contract Tax rate and debt service tax rate that may be required to service debt on any bonds issued by the District or the Master District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Harris County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of \$1.18 per \$100 of taxable assessed valuation for the District is higher than the tax rate of many utility districts in the Houston metropolitan area, although such a combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Harris County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to \$1.50 per \$100 of taxable assessed valuation. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District, which includes the Contract Tax. The current combined tax rate of the District is consistent with the rules of the TCEQ. If the total combined tax rate of the District, including the Contract Tax, should ever exceed \$1.50 per \$100 of taxable assessed valuation, the District and the Master District could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See “Possible Impact on District Tax Rates” above and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt” and “—Overlapping Taxes.”

### **Tax Collections Limitations and Foreclosure Remedies**

The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer’s delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See “TAXING PROCEDURES—District’s Rights in the Event of Tax Delinquencies.”

### **Specific Flood Type Risks**

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

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

## **Atlas 14**

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain. See “THE SYSTEM—Flood Protection and Drainage.”

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

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

## **Extreme Weather Events**

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 25, 2017, and brought historic levels of rainfall during the successive four days.

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

## **Registered Owners’ Remedies and Bankruptcy Limitations**

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

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

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

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

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

A district may not be forced into involuntary bankruptcy.

### **Future Debt**

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of \$158,180,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds has been authorized by voters in the District, \$73,910,000 principal amount of unlimited tax bonds for constructing road facilities and related improvements and refunding such bonds, and \$29,855,000 principal amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds. After issuance of the Bonds, \$154,670,000 of the unlimited tax bonds for water, sewer and drainage facilities, \$68,320,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities, and all of the unlimited tax bonds for constructing or acquiring parks and recreational facilities will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. Such bonds may finance facilities which are not necessarily related to increased taxable values in the District. See "THE BONDS—Issuance of Additional Debt."

To date, the Developers have advanced certain funds for construction of water, sewer and drainage facilities and roads and related improvements for which it has not been reimbursed. After the reimbursements are made with Bond proceeds, the District will owe approximately \$6,500,000 to NASH FM 529 for water, wastewater and drainage facilities and for roads and related improvements constructed on the District's behalf. In addition, after reimbursements are made with Bond proceeds, the District will owe approximately \$2,160,000 to PPE for water, wastewater and drainage facilities. In addition, the District expects to sell park bonds to pay its pro rata share of Master District park facilities. The principal amount of unlimited tax bonds issued by the District for constructing and/or acquiring park and recreational facilities may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. Each Master District Contract was amended in 2023 to allow the Participants to issue park bonds in an amount not to exceed three percent (3%) of the value of taxable property in each Participant. The District intends to issue additional bonds in order to reimburse the Developer for monies currently owed. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds to finance water, wastewater, drainage and recreational facilities (but not roads) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See "THE BONDS—Issuance of Additional Debt."

### **Marketability of the Bonds**

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

## **Environmental and Air Quality Regulations**

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Changes in Tax Legislation**

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

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

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



## **Risk Factors Related to the Purchase of Municipal Bond Insurance**

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

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

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

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

## **THE BONDS**

### **Description**

The Bonds will be dated December 1, 2025, and accrue interest from the Date of Delivery, with interest payable each September 1 and March 1, beginning March 1, 2026 (each, an “Interest Payment Date”), and will mature on the dates and in the amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

### **Method of Payment of Principal and Interest**

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

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

### **Source of Payment**

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

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

## **No Arbitrage**

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

## **Funds**

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

The Water/Sewer/Drainage Debt Service Fund is available for payment of principal and interest on bonds issued for water, sewer and drainage facilities, including the Bonds. It is not available to pay principal or interest on bonds issued for road facilities.

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

Twenty-four (24) months of capitalized interest shall be deposited into the Water/Sewer/Drainage Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Water/Sewer/Drainage Capital Projects Fund, to be used for the purpose of reimbursing certain of the Developers for certain construction costs and for paying engineering fees, administration costs and costs of issuance of the Bonds. Any monies remaining in the Water/Sewer/Drainage Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Water/Sewer/Drainage Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds.

## **Redemption Provisions**

The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000 on September 1, 2031, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

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

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

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

### **Authority for Issuance**

At a bond election held within the District, voters of the District have authorized the issuance of \$158,180,000 principal amount of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities and for refunding such bonds. See "THE BONDS—Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to an order of the TCEQ; the terms and conditions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; and an election held within the District.

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

### **Registration and Transfer**

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

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

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

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

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

### **Lost, Stolen or Destroyed Bonds**

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

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

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

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

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

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

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

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

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

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which 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.

## **Issuance of Additional Debt**

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See “THE DISTRICT—General.” The District’s voters have authorized the issuance of \$158,180,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds, \$73,910,000 principal amount of unlimited tax bonds for constructing road facilities and related improvements and refunding such bonds, and \$29,855,000 principal amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds. After issuance of the Bonds, \$154,670,000 of the unlimited tax bonds for water, sewer and drainage facilities, \$68,320,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities and refunding such bonds, and all of the unlimited tax bonds for constructing or acquiring parks and recreational facilities will remain authorized but unissued. See “RISK FACTORS—Future Debt.”

If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) amendments to the existing City of Houston ordinance specifying the purposes for which the District may issue bonds; (b) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election to authorize firefighting activities at this time. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt to property value ratios and adversely affect the investment security of the Bonds.

## **Annexation by the City of Houston**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to the conditions of its City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District’s consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. The District does not have a strategic partnership agreement with the City at this time.

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

## **Consolidation**

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

## **Remedies in Event of Default**

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

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

## **Defeasance**

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

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

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

## BOOK-ENTRY-ONLY SYSTEM

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

The 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 Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

## USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by BGE, Inc., the District's engineer (the "Engineer"), and were submitted to the TCEQ in the District's Bond application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

### CONSTRUCTION COSTS

Elyson Falls Drive Street Dedication Section Four.....	\$ 1,508,601
Prospect Oaks Parkway Street Dedication Section One.....	256,599
Elyson Square Way and Elyson Center Drive Street Dedication.....	294,138
Engineering, Geotechnical, and Storm Water Pollution Prevention.....	331,459

**Total Construction Costs** **\$ 2,390,797**

### NON-CONSTRUCTION COSTS

Underwriter's Discount (Estimated at 3.00%) (a).....	\$ 105,300
Capitalized Interest (Twenty-Four (24) Months Estimated at 5.25%) (a).....	368,550
Developer Interest (Estimated).....	368,550

**Total Non-Construction Costs** **\$ 842,400**

### ISSUANCE COSTS AND FEES

Legal Fees.....	\$ 102,750
Financial Advisory Fees.....	70,200
Bond Issuance Expense.....	31,568
Engineering Report Fees.....	60,000
TCEQ Fee (0.25%).....	8,775
Attorney General Fee.....	3,510

**Total Issuance Costs and Fees** **\$ 276,803**

**TOTAL BOND ISSUE** **\$ 3,510,000**

(a) The TCEQ approved a maximum Underwriter's Discount of 3.00% and twenty-four (24) months of capitalized interest at an estimated interest rate of 5.25%.

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

## ELYSON

The District is one of six municipal utility districts, collectively comprising approximately 3,599 acres marketed as the master-planned community of Elyson, which is planned to encompass all such acres at full development. Recreational amenities within Elyson include a 6,500 square foot welcome center that includes a pool, a fitness center, a game room located in MUD 457 and a second 3,600 square foot recreation center within MUD 534 which includes two pools, a fitness center, and a space for special events and other activities. Park and open space within the District are or are planned to be connected by a master trail system.



## THE DISTRICT

### General

The District is a municipal utility district created by the TCEQ on December 21, 2006. 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, particularly Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8418 of the Texas Special District Local Laws Code.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; to collect, transport, and treat wastewater; to control and divert storm water; to provide parks and recreational facilities and to construct certain roads inside and outside its boundaries. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, purchase, construct, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the City of Houston, the TCEQ and the voters of the District. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation of the District from the City of Houston, within whose extraterritorial jurisdiction the District lies, the District is required to observe certain requirements of the City of Houston which (1) limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, roads and recreational facilities, (2) require approval by the City of Houston of District construction plans, and (3) permit connections only to single-family lots and commercial or multi-family/commercial platted reserves which have been approved by the Planning Commission of the City of Houston. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

### Description and Location

The District consists of approximately 589 acres of land. The District is located in Harris County approximately 35 miles west of the central downtown business district of the City of Houston. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of Cypress-Fairbanks Independent School District. Access to the District is provided by the Grand Parkway (Texas State Highway 99). Main thoroughfares to the community include Farm-to-Market 529, Peek Road, and Beckendorff Road with the main entrance to Elyson on Farm-to-Market 529. Other thoroughfares to the Service Area include Peek Road, Beckendorff Road, and Stockdick School Road. See "AERIAL LOCATION MAP."

### Land Use

The table below represents a detailed breakdown of the current acreage and development in the District. See "Status of Development" herein.

<i>Single-Family Residential</i>	Approximate	
	<u>Acre</u> s	<u>Lots</u>
Millers at Elyson (a).....	16	139
Elyson Cy-Fair, Section One.....	30	145
	<u>46</u>	<u>284</u>
<i>Commercial Tracts (b)</i> .....	195	-
<i>School Sites (Tax-Exempt) (c)</i> .....	26	-
<i>Future Development</i> .....	116	-
<i>Undevelopable (d)</i> .....	206	-
District Total.....	<u>589</u>	<u>284</u>

(a) Represents rental single-family home development consisting of 126 home lots and 13 duplex lots (26 residential units.)

(b) All such acreage is served with trunk utilities and includes approximately 64 acres of vertical improvements to date.

(c) Harmony Charter School campus.

(d) Represents rights-of-way, detention ponds, lakes, amenities, drainage and pipeline easements, parks, and recreational and open space.

## **Status of Development**

*Single-Family Residential:* As of October 15, 2025, single-family residential includes 126 rental home lots and 13 rental duplex lots (26 residential units) on approximately 16 acres. As of October 15, 2025, 118 rental homes/duplex lots were completed and occupied, 21 rental homes/duplex lots were under construction and 0 rental home/duplex lots were vacant. The rental community is owned and leased by Brookfield. See “RISK FACTORS—Rental Homes.” In addition, approximately 30 acres within the District has been developed as Elyson Cy-Fair, Section One, consisting of 145 traditional single-family lots, on which home construction began in July 2025. As of October 15, 2025, 0 traditional single-family homes were completed and occupied, 33 traditional single-family homes were under construction and 112 traditional single-family lots were vacant. Brookfield and David Weekley are the homebuilders within such section with prices ranging from approximately \$350,000 to \$425,000.

*Commercial/Industrial:* As of October 15, 2025, approximately 195 acres within the District have been served with trunk utilities for commercial/industrial use, of which approximately 64 acres have had taxable improvements constructed. Such development currently includes the Builders FirstSource distribution center (838,446 square feet) which has been constructed on approximately 37 acres of such acreage and Southeastern Freight Lines which has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage.

*Tax-Exempt:* Harmony Charter School owns approximately 26 acres within the District upon which a school campus has been constructed. The school site is exempt from ad valorem taxation.

In addition, approximately 206 acres are not developable (public right-of-way, detention, lakes, amenities, open spaces, easements, parks and utility sites) and approximately 116 developable acres have not been provided with trunk facilities. See “RISK FACTORS,” and “TAX DATA—Principal Taxpayers.”

## **Future Development**

There are approximately 116 acres of land available for development but not yet served with underground water, sanitary sewer and drainage trunk utilities for future development as of October 15, 2025. There can be no assurances when or if any taxable improvements will ever be constructed. The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water), the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of \$252,845,000 should be sufficient to finance the construction of facilities to complete the District’s water, sewer, drainage, roads and recreation system for full development of the District.

## **THE DEVELOPERS**

### **Role of a Developer**

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

Investors in the Bonds should note that the prior real estate experience of the Developers and its affiliates should not be construed as an indication that further development within the District will occur, or that construction of additional taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. The District cautions that the development experience of the Developers or its affiliates was gained in different markets and under different circumstances than those that exist in the District, and the prior success of the Developers or its affiliates, if any, is no indication or guarantee that the Developers will be successful in the future development of land within the District. See “RISK FACTORS.”

## **NASH FM529 LLC**

NASH FM 529, LLC (“Nash FM 529”) a Delaware limited liability company, was created for the sole purpose of acquiring and developing Elyson, including the District, and its only substantial asset consists of land in Elyson. North America Sekisui House L.L.C., a Delaware limited liability company, owns a 95% interest in NASH FM 529. American Newland Communities II, LLC., a Delaware limited liability company (“Newland”) owns a 5% interest in NASH FM 529. Newland is wholly owned by Brookfield Communities US, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development L.L.C. (“Brookfield”), which is indirectly wholly owned by Brookfield Residential Properties, Inc. Brookfield is a global developer and operator of real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics. As of October 15, 2025, NASH FM 529 has developed approximately 46 acres within the District. Such acreage consists of approximately 16 acres for single-family rental residential being marketed as Miller’s at Elyson (126 lots and 13 duplexes) and approximately 30 acres of traditional single-family residential (145 lots). As of October 15, 2025, Nash FM 529 owns approximately 147 acres of vacant developable land within the District.

## **PPE GCW, LP**

PPE GCW, LP, a Texas limited partnership (“PPE”) is the developer of approximately 149 acres of land in the District, all of which are served with utilities. Approximately 37 acres of land and buildings of such acreage comprises the Builders FirstSource distribution center (838,446 square feet). Builders FirstSource leases such facilities from PPE and is responsible for all tax payments on such land and building. In addition, Southeastern Freight Lines has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage. PPE continues to own approximately 85 acres of vacant developable land within the District.

PPE is a single purpose entity formed for the sole purpose of developing land within the District. PPE is a thinly capitalized entity whose assets consist primarily of the land it has developed and is currently developing in the District and the receivables due from the District for development costs.

## **Obligations of the Developers**

Nash FM 529, Brookfield and PPE are collectively referred to herein as the “Developers.” Neither the Developers nor any other landowner are obligated to pay any principal of or interest on the Bonds. Neither the Developers or any other landowner have any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time. See “RISK FACTORS—Dependence on Major Taxpayers and the Developers,” THE DISTRICT—Status of Development,” “TAX DATA—Principal Taxpayers.”

## MANAGEMENT OF THE DISTRICT

### **Board of Directors**

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections are held in May in even numbered years only. All of the members of the Board own land within the District, subject to a note and deed of trust in favor of NASH FM 529. Directors have staggered four-year terms. The current members and officers of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Caleb Burson	President	May 2028
Katie A. Golzarri	Vice President	May 2026
Jared Bowlin	Secretary	May 2026
Monte Lowery	Asst. Vice President	May 2028
David L. Williamson	Asst. Secretary	May 2026

### **District Consultants**

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

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

**Disclosure Counsel:** McCall, Parkhurst & Horton L.L.P., serves as Disclosure Counsel to the District. The fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds.

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

**Engineer:** The District's consulting engineer is BGE, Inc.

**Auditor:** The financial statements of the District as of December 31, 2024, and for the year then ended, included in this PRELIMINARY OFFICIAL STATEMENT, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's December 31, 2024, financial statements.

**Bookkeeper:** The District has contracted with District Data Services, Inc., for bookkeeping services (the "Bookkeeper").

**Utility System Operator:** The operator of the District's internal water and wastewater system is Si Environmental, LLC. Si Environmental, LLC also serves as the operator of the Master District's water supply and wastewater treatment system. See "THE SYSTEM."

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

**Tax Assessor/Collector:** The District has appointed an independent tax assessor/collector to perform the tax collector function. Utility Tax Service, LLC (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

## THE SYSTEM

### The Master District Contract

The Master District provides certain regional water, sanitary sewer, storm sewer, parks, roads and other facilities (collectively, the “Master District Facilities”) necessary to serve the Master District’s approximately 3,599 acre service area (the “Service Area”), including the District. The Master District’s Service Area includes the following municipal utility districts: MUD 171 (as an internal Participant), MUD 457, MUD 532, MUD 533, MUD 534 and the District. Each of MUD 171, MUD 457, MUD 532, MUD 533, MUD 534 and the District has executed a Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended (individually referred to as the “Master District Contract” and collectively referred to as the “Master District Contracts”).

The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Master District’s Contract Revenue Bonds (as defined in “RISK FACTORS—Overlapping Tax Rates”) based upon each Participant’s certified appraised value as a percentage of the certified appraised value of all the Participants, calculated annually. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem Contract Tax (as defined in “RISK FACTORS—Overlapping Tax Rates”) without legal limit as to rate or amount, or from any other legally available funds. The Contract Payments (as defined in “RISK FACTORS—Overlapping Tax Rates”) for each Participant shall be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution or indenture of trust. Each Participant’s Contract Payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its Contract Payments is the sole responsibility of each Participant.

The Master District Contracts also provide for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions. The Master District owns and operates the Master District Facilities, except for roadways that are accepted by Harris County, for operation and maintenance by the Harris County. Each Participant (including the District) will own and operate its internal facilities. The internal facilities are expected to be financed with unlimited tax bonds sold by each of the Participants, including the District. It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Water/Sewer/Drainage Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Water/Sewer/Drainage Facilities needed to provide it with service, and convey such Master District Water/Sewer/Drainage Facilities to the Master District in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such Master District Water/Sewer/Drainage Facilities. Each Participant is further obligated to pay monthly charges to the Master District for water and sewer services rendered pursuant to the Master District Contracts. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant’s share of operation and maintenance expenses and reserve requirements is based upon a “unit cost” of operation and maintenance expense and reserve requirements calculated by the Master District and expressed in terms of “cost per equivalent single-family residential connection.” Each Participant’s monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by the unit cost per equivalent single-family residential connection. The monthly cost per single-family equivalent connection being charged by the Master District to Participant is currently \$60.00. Pursuant to the Master District Contracts each Participant is obligated to establish and maintain rates, fees and charges for its water and wastewater services which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay operation and maintenance charges of the Master District, to pay other costs of operating and maintaining its own utility system, and to pay its obligations pursuant to the Master District Contract, including its Contract Payments. The Master District does not expect that revenues from Participant’s wastewater collection and water distribution systems will ever be sufficient to pay a significant portion of contract payments for application to debt service on the Contract Revenue Bonds. All sums payable by each Participant to the Master District pursuant to the Master District Contracts are to be paid by such Participants without set off, counterclaim, abatement, suspension or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Master District Contracts provide that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District’s facilities by such Participant in addition to the Master District’s other remedies pursuant to the Master District Contracts. As a practical matter, the Participants have no alternative provider of the water and wastewater services rendered by the Master District under the Master District Contracts.

## **Master District Facilities**

***Water Supply:*** The water supply facilities of the Master District currently consist of four water wells with a total capacity of 4,200 gallons per minute (gpm), 3,300,000 gallons of ground storage tank capacity, pressure tank capacity of 150,000 gallons, booster pump capacity of 17,200 gpm, and all appurtenances. According to the Engineer, the major components of the Master District's water supply system have capacity to serve approximately 6,073 equivalent single-family connections. According to the Operator, as of October 15, 2025, the Participants have 3,735 active connections (including 3,374 active single-family connections, 24 vacant residential connections and 337 homes under construction or in a builder's name).

In order to fully provide water supply to the Service Area, the Master District Facilities will need to be expanded from time to time to meet the demand for such facilities.

***Wastewater Treatment:*** The wastewater treatment facilities of the Master District consist of one plant with a total capacity of 2,000,000 gallons per day ("gpd"). According to the Engineer, the major components of the Master District's wastewater treatment system have capacity to serve approximately 8,000 equivalent single-family connections. According to the Operator, as of October 15, 2025, the Participants have 3,735 active connections (including 3,374 active single-family connections, 24 vacant residential connections and 337 homes under construction or in a builder's name).

***Regional Water Distribution and Wastewater Collection:*** Regional water distribution facilities consist of waterlines ranging in size from 12-inch to 24-inch, generally located within the rights-of-way. These water distribution facilities supply water from the Master District water supply facilities to the Participant's facilities. The Wastewater Collection facilities include wastewater lines ranging in size from 10-inch to 27-inch generally located within the rights-of-way of collection roads and the previously listed major thoroughfares. These collection lines collect waste from the Participants and transport it to the Master District's wastewater treatment facilities.

***Regional Road System:*** See "THE ROAD SYSTEM."

***Master Drainage:*** The Master District also provides the Service Area with drainage facilities designed to handle a 100-year storm event. These facilities include drainage channels, detention ponds, water quality ponds, conveyance storm sewer, and reinforced outfalls.

***Master District Park Facilities:*** The Master District provides or will provide an interconnected grade separated trail system connecting community parks and recreation facilities. This system extends along and utilizes the drainage corridors as linear parks connecting multiple neighborhood parks. Pursuant to the Master District Contract, the Master District shall not issue Contract Revenue Bonds for park or recreational facilities. The Master District may, however, require Participants, including the District, to remit Park Construction Charges (as defined in the Master District Contract) to pay for Master District Park Facilities. See "THE BONDS—Financing Parks and Recreation Facilities."

## **Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities**

Internal water distribution, wastewater collection and storm drainage facilities have been constructed by the District to serve approximately 195 acres of commercial/industrial tracts, approximately 46 acres of single-family tracts and approximately 26 acres of tax-exempt tracts. See "THE DISTRICT—Status of Development."

## **Flood Protection and Drainage**

A portion of the District lies within the Bear Creek and South Mayde Creek watersheds within the Addicks Reservoir Watershed. The District is located within floodplains associated with Bear Creek, South Mayde Creek, and the Cypress Creek overflow zone. The majority of such areas are subject to shallow overland flows, which are collected into channels within the development. The floodplains associated with Bear Creek and South Mayde Creek are allowed to maintain their natural floodplain function.

The Master District developed a master drainage plan that received approval from the Harris County Flood Control District. The Master District has also received approval of its master drainage plan applications submitted to Harris County and Federal Emergency Management Agency. As development occurs within the Service Area, the master drainage plan removes the developed lots from the 100-year flood plain by filling the development areas, with the flood plain fill mitigated by excavation from other areas within the flood plain that will remain undeveloped. According to the Engineer, none of the currently developed lots are in the 100-year flood plain as a result of the aforementioned process. The flood plain removal is accomplished by submittal of detailed survey information provided to FEMA through a process called a Letter of Map Revisions Based on Fill ("LOMR-F") based on lot elevation. However, during times of severe flooding, area roads can become inundated, which may restrict access into, within, and out of the District. According to the Engineer, approximately 438 acres of the Service Area remain within the 100-year flood plain but will be filled and removed as development warrants. See "RISK FACTORS—Extreme Weather Events."

## **Subsidence and Conversion to Surface Water Supply**

The Master District and the District are within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the West Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County and a small portion of Fort Bend County. The Master District and the District are located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District has no wells, however, the Master District's groundwater well(s) are included within the Authority's GRP.

The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP. The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the Master District for groundwater pumped by the Master District and rates for the sale of surface water purchased by the Master District from the Authority), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the Master District, to convert from groundwater to surface water. The Authority currently charges the Master District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the Master District and a rate per 1,000 gallons of surface water purchased by the Master District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty per 1,000 gallons, ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the Master District. If the Master District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the Master District.

The District cannot predict the amount or level of fees and charges which may be due the Authority in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the Master District Facilities which could require the issuance of additional bonds by the District or the Master District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

## **Regulation**

Construction and operation of the District's facilities and the Master District Facilities as they now exist or as they may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District and the Master District. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Harris County Drainage District. Harris County and the City of Houston also exercise regulatory jurisdiction over the District and the Master District Facilities.

According to the Engineer, the District's improvements that have or will be financed with proceeds of the District bond issuances, have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and the approval and permitting requirements of the TCEQ, the Texas Department of Health, Harris County and the City of Houston, where applicable. Construction of the District's facilities is subject to inspection by the TCEQ, the City of Houston and Harris County. Each of the aforementioned agencies exercises continuing jurisdiction over the District's and Master District's facilities.

## **Water and Wastewater Operations**

The Bonds and Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Nevertheless, net revenues from operations of the District's water and wastewater system, if any, are available for any legal purpose, including the payment of debt service on the Bonds and Outstanding Bonds, upon Board action. However, it is not anticipated that net revenues will be used or would be sufficient to pay debt service on the Bonds and Outstanding Bonds.

The following statement sets forth, in condensed form, the General Operating Fund for the District as shown in the District's audited financial statements for the fiscal years ended December 31, 2020 through December 31, 2024, and an unaudited summary for the nine-month period ended September 30, 2025, provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	1/1/2025 to 9/30/2025 (Unaudited)	Fiscal Year Ended December 31			
		2024	2023	2022	2021
<b>Revenues</b>					
Property Taxes	\$ 285,000	\$ 439,542	\$ 309,379	\$ 320,451	\$ 131,929
Water Service	65,391	57,412	7,220	4,054	61
Sewer Service	61,282	19,946	3,761	1,205	-
Regional Water Fee	31,288	63,219	7,616	5,462	60
Penalties and Interest	4,863	3,492	5	607	-
Tap Connection and Inspection Fees	265,845	664,214	752,805	368,411	-
Investment Income	52,729	78,356	39,169	8,255	68
Other Income	-	20	3,439	430	712
<b>Total Revenues</b>	<b>\$ 766,397</b>	<b>\$ 1,326,201</b>	<b>\$ 1,123,394</b>	<b>\$ 708,875</b>	<b>\$ 132,830</b>
<b>Expenditures</b>					
Purchased Services	\$ 223,020	\$ 276,480	\$ 53,820	\$ 19,590	\$ 8,100
Regional Water Authority Fees	40,479	66,136	8,582	6,127	69
Professional Fees	93,544	111,204	105,452	116,282	102,266
Contracted Services	43,501	50,798	32,730	23,910	18,437
Repairs and Maintenance	37,501	31,345	19,952	2,238	2,237
Other Expenditures	9,953	19,182	14,609	19,149	13,901
Tap Connections	87,104	253,703	52,636	58,191	-
Capital Outlay	-	50,450	-	-	-
Debt Service, Contractual Obligation (a)	-	178,174	299,681	118,207	118,140
<b>Total Expenditures</b>	<b>\$ 535,103</b>	<b>\$ 1,037,472</b>	<b>\$ 587,462</b>	<b>\$ 363,694</b>	<b>\$ 263,150</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 231,294</b>	<b>\$ 288,729</b>	<b>\$ 535,932</b>	<b>\$ 345,181</b>	<b>\$ (130,320)</b>
<b>Other Sources</b>					
Developer Advances	\$ -	\$ -	\$ -	\$ -	\$ 75,000
<b>Fund Balance (Beginning of Year)</b>	<b>\$ 1,291,665</b>	<b>\$ 1,002,936</b>	<b>\$ 467,004</b>	<b>\$ 121,823</b>	<b>\$ 177,143</b>
<b>Fund Balance (End of Year)</b>	<b>\$ 1,522,959</b>	<b>\$ 1,291,665</b>	<b>\$ 1,002,936</b>	<b>\$ 467,004</b>	<b>\$ 121,823</b>

(a) Reflects annual contract tax payments that the District pays for its pro rata share of principal and interest on the Master District contract revenue bonds. See "RISK FACTORS—Overlapping Master District Debt and Contract Tax Rates."



## THE ROAD SYSTEM

The Master District, in its capacity as the provider of facilities for regional arterial, collector and thoroughfares and improvements in aid thereof ("Master District Road Facilities") necessary to serve the Service Area has constructed or will construct the Master District Road Facilities. The major arterial, collector and thoroughfare roads necessary to serve the Service Area, include but are not limited to: Farm-to-Market 529, Katy-Hockley Cut-Off Road, Longenbaugh Road, Peek Road and Porter Road. The major thoroughfares and collectors consist of stabilized curb and gutter 8-inch concrete pavement and includes bridges.

All roadways are designed and constructed in accordance with Harris County and City of Houston standards, rules and regulations. To date, Harris County has accepted the completed Master District Road Facilities for operation and maintenance and is responsible for operation and maintenance thereof. In the event Harris County were to fail to accept the Master District Road Facilities, the Master District is expected to include the cost of maintenance of same in the Master District's operation and maintenance expenses to be shared by the Participants in accordance with the Master District Contract, and such cost could be significant. These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

In addition to the Master District Road Facilities, internal roadways have been or are being constructed by the Participants, including the District. The internal roadways constructed by the District are designed and constructed in accordance with Harris County and City of Houston standards, rules and regulations. To date, Harris County has accepted the District's completed road facilities for operation and maintenance and is responsible for operation and maintenance thereof. In the event that Harris County were to fail to accept the District's road facilities, the District is expected to include the cost of maintenance of same in the District's operation and maintenance expenses, and such cost could be significant. These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]*

## FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$158,498,413	(a)
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$169,794,451	(b)
Gross Direct Debt Outstanding .....	\$ 9,100,000	(c)
Estimated Overlapping Debt .....	15,121,856	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$24,221,856	
Ratios of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation .....	5.74%	
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	5.36%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation .....	15.28%	
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	14.27%	
Debt Service Funds Available:		
Road Debt Service Funds Available as of October 20, 2025 .....	\$500,893	(e)(f)
Capitalized Interest from Bonds Proceeds (Twenty-Four (24) Months).....	368,550	(f)
Total Debt Service Funds Available .....	\$869,443	
Operating Funds Available as of October 20, 2025 .....	\$1,440,820	
Contract Tax Funds Available as of October 20, 2025 .....	\$ 45,841	(g)

- (a) As certified by the Appraisal District. See "TAXING PROCEDURES."
- (b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on August 1, 2025, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2025 and August 1, 2025 will be certified as of January 1, 2026. See "TAXING PROCEDURES."
- (c) The Outstanding Bonds and the Bonds. See "—Outstanding Bonds" herein.
- (d) See "—Estimated Overlapping Debt," and "—Overlapping Taxes" herein.
- (e) Funds in the Water/Sewer/Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on bonds issued for road facilities and are not available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds. See "THE BONDS—Funds."
- (f) The Road Debt Service Fund consists of capitalized interest from the Outstanding Bonds. The District will capitalize twenty-four (24) months of interest from the Bonds proceeds and deposit such funds in the Water/Sewer/Drainage Debt Service Fund. The amounts above are based on an estimated interest rate of 5.25%. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (g) See "RISK FACTORS—Overlapping Master District Debt and Contract Tax Rates" and "THE SYSTEM—The Master District Contract."

### **Investments of the District**

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

### **Outstanding Bonds**

The District has previously issued one series of unlimited tax bonds for road facilities in the principal amount of \$5,590,000, all of which remains outstanding as of the date hereof (the "Outstanding Bonds").

## **Debt Service Requirements**

The following sets forth the debt service on the Outstanding Bonds (see “Outstanding Bonds” in this section) and the estimated debt service on the Bonds at an estimated interest rate per annum of 5.25%. This schedule does not reflect the fact that the District capitalized \$556,363 of interest from the Outstanding Bonds in June 2025 and will capitalize twenty-four (24) months of interest from proceeds of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	\$ 378,181		\$ 153,563	\$ 153,562.50	\$ 531,743.75
2027	376,681	\$ 65,000	184,275	249,275.00	625,956.25
2028	379,331	70,000	180,863	250,862.50	630,193.75
2029	376,281	75,000	177,188	252,187.50	628,468.75
2030	372,881	75,000	173,250	248,250.00	621,131.25
2031	369,131	80,000	169,313	249,312.50	618,443.75
2032	365,031	85,000	165,113	250,112.50	615,143.75
2033	365,581	90,000	160,650	250,650.00	616,231.25
2034	362,063	95,000	155,925	250,925.00	612,987.50
2035	365,313	100,000	150,938	250,937.50	616,250.00
2036	363,113	105,000	145,688	250,687.50	613,800.00
2037	365,688	110,000	140,175	250,175.00	615,862.50
2038	367,813	115,000	134,400	249,400.00	617,212.50
2039	369,488	120,000	128,363	248,362.50	617,850.00
2040	365,713	130,000	122,063	252,062.50	617,775.00
2041	366,713	135,000	115,238	250,237.50	616,950.00
2042	372,263	145,000	108,150	253,150.00	625,412.50
2043	372,138	150,000	100,538	250,537.50	622,675.00
2044	371,563	160,000	92,663	252,662.50	624,225.00
2045	375,538	165,000	84,263	249,262.50	624,800.00
2046	373,513	175,000	75,600	250,600.00	624,112.50
2047	376,025	185,000	66,413	251,412.50	627,437.50
2048	377,844	195,000	56,700	251,700.00	629,543.75
2049	378,969	205,000	46,463	251,462.50	630,431.25
2050	379,400	215,000	35,700	250,700.00	630,100.00
2051	378,725	225,000	24,413	249,412.50	628,137.50
2052	382,338	240,000	12,600	252,600.00	634,937.50
Total	\$ 10,047,313	\$ 3,510,000	\$ 3,160,500	\$ 6,670,500	\$ 16,717,812.50

Average Annual Debt Service Requirements (2026-2052) .....\$619,178  
Maximum Annual Debt Service Requirement (2052) .....\$634,938

## **Estimated Overlapping Debt**

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

Taxing Jurisdiction	Outstanding		As of	Overlapping	
	Bonds			Percent	Amount
Harris County.....	\$ 2,257,734,736	(a)	9/30/2025	0.01%	\$ 225,773
Harris County Flood Control District.....	937,165,000		9/30/2025	0.01%	93,717
Harris County Department of Education.....	28,960,000		9/30/2025	0.01%	2,896
Harris County Hospital District.....	867,820,000		9/30/2025	0.01%	86,782
Port of Houston Authority.....	386,074,397		9/30/2025	0.01%	38,607
Cypress-Fairbanks Independent School District.....	3,484,020,000		9/30/2025	0.09%	3,135,618
Lone Star College System.....	434,530,000		9/30/2025	0.02%	86,906
The Master District.....	216,835,000	(b)	9/30/2025	5.28%	11,451,557
Total Estimated Overlapping Debt.....					\$ 15,121,856
The District (c).....					9,100,000
Total Direct and Estimated Overlapping Debt.....					\$ 24,221,856
Ratio of Direct and Overlapping Debt to 2025 Certified Taxable Appraised Valuation of \$158,498,413.....					15.28%
Ratio of Direct and Overlapping Debt to Estimated Appraised Valuation as of August 1, 2025 of \$169,794,451.....					14.27%

- (a) Excludes the Harris County Toll Road Unlimited Tax Bonds in the principal amount of \$97,400,000. Historically, Harris County has provided for payment of such debt service from toll road revenues and certain other funds and, no ad valorem tax revenue has been required to pay debt service on such bonds.
- (b) Includes approximately \$50,000,000 principal amount of Contract Revenue Bonds for water, sewer and drainage facilities expected to be issued on October 29, 2025.
- (c) Includes the Outstanding Bonds and the Bonds.

## **Overlapping Taxes**

Set forth below is a summary of taxes levied for the 2024 tax year by all entities overlapping the District and the District. None of the overlapping entities have levied taxes for the 2025 tax year. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per \$100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority).....	\$0.535090
Cypress-Fairbanks Independent School District.....	1.086900
Lone Star College System.....	0.107600
Harris ESD No. 9 .....	0.040000
Total Overlapping Tax Rate.....	\$ 1.769590
The District (a).....	1.200000
Total Tax Rate.....	\$ 2.969590

- (a) The District has authorized the publication of its intent to levy a total tax rate of \$1.20 per \$100 of taxable assessed valuation (consisting of \$0.03 for debt service, \$0.365 for maintenance and operations and \$0.805 for contract tax) in October 2025 and expects to adopt such rate in November 2025. See "TAX DATA—Tax Rate Distribution."

## TAX DATA

### Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District expects to levy its initial debt service tax in 2025. See “Historical Tax Rate Distribution” and “Tax Roll Information” below, and “TAXING PROCEDURES.”

### Contract Tax

The Master District has the statutory authority and voter authorization of each of the Participants currently participating in the Master District Contract, including the District, to issue Contract Revenue Bonds. Each of the Participants’ pro rata share of the debt service requirements on the Contract Revenue Bonds is determined by dividing each Participant’s certified appraised value by the total of all the Participants’ certified appraised valuation. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of an annual unlimited contract tax, or from any other legally available funds. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District’s Contract Revenue Bonds are issued. See “RISK FACTORS—Overlapping Master District Debt and Contract Tax” and “THE SYSTEM—The Master District Contract.”

### Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District’s water, sewer and drainage system and roads, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted May 9, 2015 and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 appraised valuation for utility maintenance and \$0.25 for road maintenance. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.

### Historical Tax Rate Distribution

	Anticipated				
	2025 (a)	2024	2023	2022	2021
Debt Service	\$ 0.030	\$ -	\$ -	\$ -	\$ -
Contract Tax	0.805	0.730	0.420	0.670	0.610
Maintenance and Operations	0.365	0.450	0.760	0.510	0.570
Total	\$ 1.200	\$ 1.180	\$ 1.180	\$ 1.180	\$ 1.180

- (a) The District has authorized the publication of its intent to levy a total tax rate of \$1.20 per \$100 of taxable assessed valuation (consisting of \$0.03 for road debt service, \$0.365 for maintenance and operations and \$0.805 for contract tax) in October 2025 and expects to adopt such rate in November 2025.

### Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of September 30, 2025 (b)	
				Amount	Percent
2021	\$ 26,247,613	\$ 1.180	\$ 309,722	\$ 309,722	100.00%
2022	25,805,742	1.180	304,508	304,508	100.00%
2023	37,649,059	1.180	444,259	444,259	100.00%
2024	72,837,965	1.180	859,488	859,488	100.00%
2025	158,498,413	1.200	1,901,981	(c)	(c)

- (a) Certified by the Appraisal District less any exemptions granted. See “Tax Roll Information” below for exemptions granted by the District.
- (b) Unaudited.
- (c) The District has authorized the publication of its intent to levy a total tax rate of \$1.20 per \$100 of taxable assessed valuation (consisting of \$0.03 for road debt service, \$0.365 for maintenance and operations and \$0.805 for contract tax) in October 2025 and expects to adopt such rate in November 2025. Taxes for 2025 are due by January 31, 2026.

### **Additional Penalties**

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

### **Tax Roll Information**

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2020 through 2025 Certified Taxable Assessed Valuation. An accurate breakdown of the Estimated Taxable Assessed Valuation as of August 1, 2025, of \$169,794,451, is not available.

Tax Year	Type of Property			Gross Assessed Valuations	Deferments and Exemptions (a)	Net Assessed Valuations
	Land	Improvements	Personal Property			
2021	\$ 25,715,244	\$ -	\$ 881,280	\$ 26,596,524	\$ (348,911)	\$ 26,247,613
2022	25,630,134	-	653,400	26,283,534	(477,792)	25,805,742
2023	44,248,847	8,011,697	820,996	53,081,540	(15,432,481)	37,649,059
2024	55,966,532	32,401,125	1,039,541	89,407,198	(16,569,233)	72,837,965
2025	57,610,856	116,509,444	1,142,047	175,262,347	(16,763,934)	158,498,413

(a) See "TAXING PROCEDURES—Property Subject to Taxation by the District."

### **Principal Taxpayers**

The following table represents the ten principal taxpayers, and the taxable assessed value of such property as a percentage of the 2025 Certified Taxable Assessed Valuation of \$158,498,413. This represents ownership as of January 1, 2025. An accurate principal taxpayer list related to the Estimated Taxable Assessed Valuation as of August 1, 2025, of \$169,794,451, is not available as of the date hereof.

Taxpayer	Type	% of	
		2025 Certified Taxable Assessed Valuation	2025 Certified Taxable Assessed Valuation
GCW BFS SPV LLC (a)	Land & Improvements	\$ 86,338,000	54.47%
NASH FM 529 LLC (b)	Land	22,668,354	14.30%
Southeastern Freight Lines Inc. (c)	Land & Improvements	17,916,066	11.30%
Katy BFR Owner LP	Land	15,814,774	9.98%
PPE GCW LP (b)	Land	7,184,822	4.53%
PPE GCW II LLC	Land	3,930,855	2.48%
Cypress Residential Partners Ltd.	Land	3,000,329	1.89%
Centerpoint Energy Houston Electric	Land & Personal	1,614,801	1.02%
City Waste LP	Personal Property	15,000	0.01%
Pitney Bowes Global Financial Services	Personal Property	11,166	0.01%
Total		\$ 158,494,167	100.00%

(a) Represents the Builders FirstSource distribution center. See "THE DISTRICT—Status of Development."

(b) See "THE DEVELOPERS" and "RISK FACTORS."

(c) Represents truck terminal, service center and office building. See "THE DISTRICT—Status of Development."

## **Tax Adequacy for Debt Service**

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds, if no growth in the District's tax base occurred beyond the 2025 Certified Taxable Assessed Valuation of \$158,498,413 or the Estimated Taxable Assessed Valuation as of August 1, 2025, of \$169,794,451. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "RISK FACTORS—Possible Impact on District Tax Rates" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2026-2052) .....	\$619,178
\$0.42 Tax Rate on 2025 Certified Taxable Assessed Valuation .....	\$632,409
\$0.39 Tax Rate on Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$629,088
Maximum Annual Debt Service Requirement (2052).....	\$634,938
\$0.43 Tax Rate on 2025 Certified Taxable Assessed Valuation .....	\$647,466
\$0.40 Tax Rate on Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$645,219

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of August 1, 2025 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. The Estimated Taxable Assessed Valuation as of August 1, 2025 is provided by the Appraisal District for informational purposes only. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025 and August 1, 2025, will be certified as of January 1, 2026, and provided for purposes of taxation in the summer of 2026. See "TAXING PROCEDURES."

## **TAXING PROCEDURES**

### **Authority to Levy Taxes**

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

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

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

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

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

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District does not currently grant any such exemptions. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, between \$5,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

*Residential Homestead Exemptions:* The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. See "TAX DATA."

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



## **Tax Abatement**

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

## **Valuation of Property for Taxation**

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

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use, open space or timberland 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.

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

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

## **District and Taxpayer Remedies**

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

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

## **Levy and Collection of Taxes**

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

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

## **Rollback of Operation and Maintenance Tax Rate**

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

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

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

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

*The District:* A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District was designated as a Developing District for 2025. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

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

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

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

## **MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE**

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

Applications have been made to municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, the purchase of municipal bond insurance with respect to the Bonds is optional and at the expense of the Underwriters. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

## **LEGAL MATTERS**

### **Legal Proceedings**

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

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

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

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

#### **No Material Adverse Change**

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

#### **No-Litigation Certificate**

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

### **TAX MATTERS**

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

#### **Tax Exemption**

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

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

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

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

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

### **Qualified Tax-Exempt Obligations**

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

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

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

### **Additional Federal Income Tax Considerations**

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

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

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

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

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

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

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

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

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

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

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

### **Tax Legislative Changes**

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

## **PREPARATION OF PRELIMINARY OFFICIAL STATEMENT**

### **Sources and Compilation of Information**

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

### **Financial Advisor**

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

### **Consultants**

In approving this PRELIMINARY OFFICIAL STATEMENT the District has relied upon the following consultants. Each consultant has agreed to the use of information provided by such firms.

*Tax Assessor/Collector:* The information contained in this PRELIMINARY OFFICIAL STATEMENT relating to the historical breakdown of the District's assessed valuations and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

*Engineer:* The information contained in this PRELIMINARY OFFICIAL STATEMENT relating to engineering and to the description of the District's and Master District's water and wastewater system and certain information included in the sections entitled "THE DISTRICT—Description and Location" and "—Status of Development," "THE SYSTEM," and "THE ROAD SYSTEM" has been provided by BGE, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

*Auditor:* The financial statements of the District as of December 31, 2024, and for the year then ended, included in this PRELIMINARY OFFICIAL STATEMENT, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's December 31, 2024, financial statements.

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

### **Updating the Official Statement**

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

## **Certification of Official Statement**

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

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this PRELIMINARY OFFICIAL STATEMENT in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2025. Any financial statements provided by the District shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

### **Event Notices**

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of 17 CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if



material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

#### **Availability of Information from the MSRB**

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access (“EMMA”) internet portal 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 specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although registered or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

The District entered into its first continuing disclosure agreement in connection with the issuance of its Unlimited Tax Road Bonds, Series 2025.

### **MISCELLANEOUS**

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

This PRELIMINARY OFFICIAL STATEMENT was approved by the Board of Directors of Harris County Municipal Utility District No. 458, as of the date shown on the cover page.

/s/

\_\_\_\_\_  
President, Board of Directors  
Harris County Municipal Utility District No. 458

ATTEST:

/s/

\_\_\_\_\_  
Secretary, Board of Directors  
Harris County Municipal Utility District No. 458

**AERIAL LOCATION MAP**  
**(Approximate boundaries as of July 2025)**



**HARRIS COUNTY MUNICIPAL  
UTILITY DISTRICT No. 458**

**GRAND PARKWAY**

**FM 529**





**PHOTOGRAPHS OF THE DISTRICT**  
**(Taken July 2025)**





















## **APPENDIX A**

**Independent Auditor's Report and Financial Statements of the District for the year  
Ended December 31, 2024**



# **Harris County Municipal Utility District No. 458 Harris County, Texas**

## **Independent Auditor's Report and Financial Statements**

December 31, 2024



Harris County Municipal Utility District No. 458  
Contents  
December 31, 2024

---

<b>Independent Auditor's Report</b> .....	1
<b>Management's Discussion and Analysis</b> .....	3
<b>Basic Financial Statements</b>	
Statement of Net Position and Governmental Fund Balance Sheet.....	8
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance .....	9
Notes to Financial Statements .....	10
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund .....	19
Notes to Required Supplementary Information .....	20
<b>Supplementary Information</b>	
Other Schedules Included Within This Report .....	21
Schedule of Services and Rates .....	22
Schedule of General Fund Expenditures .....	23
Schedule of Temporary Investments .....	24
Analysis of Taxes Levied and Receivable .....	25
Comparative Schedule of Revenues and Expenditures – General Fund – Five Years.....	27
Board Members, Key Personnel and Consultants .....	28



## **Independent Auditor's Report**

Board of Directors  
Harris County Municipal Utility District No. 458  
Harris County, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and the general fund of Harris County Municipal Utility District No. 458 (the District), as of and for the year ended December 31, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, 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 accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Forvis Mazars, LLP**

Houston, Texas  
April 29, 2025

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

### ***Government-Wide Financial Statements***

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

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

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

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

### ***Fund Financial Statements***

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

### ***Governmental Funds***

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



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

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

### Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

### Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

#### Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 2,333,304	\$ 1,836,644
Capital assets	<u>3,351,602</u>	<u>2,378,843</u>
Total assets	<u>\$ 5,684,906</u>	<u>\$ 4,215,487</u>
Long-term liabilities	\$ 11,322,686	\$ 9,477,757
Other liabilities	<u>173,787</u>	<u>389,423</u>
Total liabilities	<u>11,496,473</u>	<u>9,867,180</u>
Deferred inflows of resources	<u>867,852</u>	<u>444,285</u>
Net position:		
Net investment in capital assets	(2,808,086)	(3,256,923)
Unrestricted	<u>(3,871,333)</u>	<u>(2,839,055)</u>
Total net position	<u>\$ (6,679,419)</u>	<u>\$ (6,095,978)</u>

The total net position of the District decreased by \$583,441 or about 10%. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Changes in Net Position**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Revenues:		
Property taxes	\$ 439,542	\$ 309,379
Charges for services	140,577	18,597
Other revenues	<u>746,082</u>	<u>795,418</u>
Total revenues	<u>1,326,201</u>	<u>1,123,394</u>
Expenses:		
Services	808,848	287,781
Depreciation	67,088	42,579
Conveyance of capital assets	855,532	2,752,114
Contractual obligation	<u>178,174</u>	<u>299,681</u>
Total expenses	<u>1,909,642</u>	<u>3,382,155</u>
Change in net position	(583,441)	(2,258,761)
Net position, beginning of year	<u>(6,095,978)</u>	<u>(3,837,217)</u>
Net position, end of year	<u><u>\$ (6,679,419)</u></u>	<u><u>\$ (6,095,978)</u></u>

***Financial Analysis of the District's Fund***

The general fund's fund balance increased by \$288,729, primarily due to property taxes, services and tap connection and inspection fees revenues and investment income exceeding service operations expenditures and debt service contractual obligations.

***General Fund Budgetary Highlights***

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes, water service, regional water fee and tap connection and inspection fees revenues, investment income and purchased services and regional water authority expenditures being greater than expected. In addition, tap connections, capital outlay and debt service contractual obligations expenditures were not included in the current year budget. The fund balance as of December 31, 2024, was expected to be \$1,083,778 and the actual end-of-year fund balance was \$1,291,665.

***Capital Assets and Related Debt***

***Capital Assets***

Capital assets held by the District at the end of the current and previous fiscal years are summarized below.

**Capital Assets (Net of Accumulated Depreciation)**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Land and improvements	\$ 562,579	\$ 562,579
Water facilities	609,007	381,115
Wastewater facilities	798,694	352,478
Drainage facilities	<u>1,381,322</u>	<u>1,082,671</u>
Total capital assets	<u><u>\$ 3,351,602</u></u>	<u><u>\$ 2,378,843</u></u>

During the current year, additions to capital assets were as follows:

Sanitary service lead under Elyson Falls Drive to serve the Elyson MF-2 site	\$ 50,450
Water, sewer and drainage facilities to serve Elyson single family built to rent	<u>989,397</u>
Total additions to capital assets	<u><u>\$ 1,039,847</u></u>

The developers within the District have constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the cost of these facilities from the proceeds of future bond issues, subject to the approval of the Commission, as applicable, and the terms of the contracts with the developers. As of December 31, 2024, a liability for developer-constructed capital assets of \$10,917,686 was recorded in the government-wide financial statements.

***Debt***

The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 9,477,757
Increases in long-term debt	<u>1,844,929</u>
Long-term debt payable, end of year	<u><u>\$ 11,322,686</u></u>

At December 31, 2024, the District had \$158,180,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and for refunding such bonds, \$29,855,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing park and recreational facilities and for refunding such bonds and \$73,910,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads and for refunding such bonds.

***Other Relevant Factors***

***Relationship to the City of Houston***

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent if the City complies with the procedures and requirements of Chapter 43, Texas Local Government Code, as amended, which may include voter approval. If the District is annexed, the City must assume the District's assets and obligations (including the bond indebtedness) and the District, is dissolved.

***Economic Dependency***

The District's developers own the majority of the taxable property within the District. The District's ability to meet its obligations is dependent on the developers ability to pay property taxes.

Since inception, a developer has advanced \$405,000 to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming fiscal year. These advances have been recorded as liabilities in the government-wide financial statements.

**Harris County Municipal Utility District No. 458**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**December 31, 2024**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash	\$ 177,696	\$ -	\$ 177,696
Short-term investments	1,444,931	-	1,444,931
Receivables:			
Property taxes	660,472	-	660,472
Service accounts	45,555	-	45,555
Operating reserve	4,650	-	4,650
Capital assets (net of accumulated depreciation):			
Land and improvements	-	562,579	562,579
Infrastructure	-	2,789,023	2,789,023
<b>Total assets</b>	<b>\$ 2,333,304</b>	<b>\$ 3,351,602</b>	<b>\$ 5,684,906</b>
<b>Liabilities</b>			
Accounts payable	\$ 104,821	\$ -	\$ 104,821
Customer deposits	7,900	-	7,900
Unearned tap connection fees	61,066	-	61,066
Long-term liabilities, due after one year	-	11,322,686	11,322,686
<b>Total liabilities</b>	<b>173,787</b>	<b>11,322,686</b>	<b>11,496,473</b>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenues	867,852	-	867,852
<b>Fund Balance/Net Position</b>			
Fund balance:			
Assigned to operating reserve	4,650	(4,650)	-
Unassigned fund balance	1,287,015	(1,287,015)	-
<b>Total fund balance</b>	<b>1,291,665</b>	<b>(1,291,665)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 2,333,304</b>		
<b>Net position:</b>			
Net investment in capital assets		(2,808,086)	(2,808,086)
Unrestricted		(3,871,333)	(3,871,333)
<b>Total net position</b>		<b>\$ (6,679,419)</b>	<b>\$ (6,679,419)</b>

**Harris County Municipal Utility District No. 458**  
**Statement of Activities and Governmental Fund Revenues,**  
**Expenditures and Changes in Fund Balance**  
**Year Ended December 31, 2024**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Property taxes	\$ 439,542	\$ -	\$ 439,542
Water service	57,412	-	57,412
Sewer service	19,946	-	19,946
Regional water fee	63,219	-	63,219
Penalty and interest	3,492	-	3,492
Tap connection and inspection fees	664,214	-	664,214
Investment income	78,356	-	78,356
Other income	20	-	20
Total revenues	1,326,201	-	1,326,201
<b>Expenditures/Expenses</b>			
Service operations:			
Purchased services	276,480	-	276,480
Regional water authority	66,136	-	66,136
Professional fees	111,204	-	111,204
Contracted services	50,798	-	50,798
Repairs and maintenance	31,345	-	31,345
Other expenditures	19,182	-	19,182
Tap connections	253,703	-	253,703
Capital outlay	50,450	(50,450)	-
Depreciation	-	67,088	67,088
Conveyance of capital assets	-	855,532	855,532
Debt service, contractual obligations	178,174	-	178,174
Total expenditures/expenses	1,037,472	872,170	1,909,642
<b>Excess of Revenues Over Expenditures</b>	288,729	(288,729)	
<b>Change in Net Position</b>		(583,441)	(583,441)
<b>Fund Balance/Net Position</b>			
Beginning of year	1,002,936	-	(6,095,978)
End of year	\$ 1,291,665	\$ -	\$ (6,679,419)

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

Harris County Municipal Utility District No. 458 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective December 21, 2006, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, Chapter 8418 of the Texas Special District Local Laws Code, and Article XVI, Section 59, of the Constitution of the State of Texas and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater, drainage, park, road and other facilities and to provide such facilities and services to the customers of the District. The District may also provide solid waste disposal services.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

### ***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

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

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental fund. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental fund:

**General Fund** – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

### ***Fund Balance – Governmental Fund***

The fund balance for the District's governmental fund can be displayed in up to five components.

**Harris County Municipal Utility District No. 458**  
**Notes to Financial Statements**  
**December 31, 2024**

---

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

#### ***Government-Wide Financial Statements***

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

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

#### ***Fund Financial Statements***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental fund revenues, expenditures and changes in fund balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.



### ***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

### ***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

### ***Use of Estimates***

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

### ***Investments and Investment Income***

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

### ***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2023 on the 2023 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2024, the tax levied in October 2024 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2025. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

### ***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets, with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

**Harris County Municipal Utility District No. 458**  
**Notes to Financial Statements**  
**December 31, 2024**

---

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

The District conveys ownership of road and paving facilities constructed to another governmental entity upon completion for maintenance.

***Debt Issuance Costs***

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

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

***Net Position/Fund Balance***

Fund balance and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

***Reconciliation of Government-Wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balance in the governmental fund balance sheet are different because of the items on the following page.

**Harris County Municipal Utility District No. 458**  
**Notes to Financial Statements**  
**December 31, 2024**

---

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 3,351,602
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	<u>(11,322,686)</u>
Adjustment to fund balance to arrive at net position.	<u>\$ (7,971,084)</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balance in the governmental fund statement of revenues, expenditures and changes in fund balance because:

Change in fund balance.	\$ 288,729
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and conveyance of capital assets exceeded capital outlay expenditures in the current period.	<u>(872,170)</u>
Change in net position of governmental activities.	<u>\$ (583,441)</u>

**Note 2. Deposits, Investments and Investment Income**

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At December 31, 2024, none of the District's bank balances were exposed to custodial credit risk.

***Investments***

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

**Harris County Municipal Utility District No. 458**  
**Notes to Financial Statements**  
**December 31, 2024**

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District's investments in TexPool are reported at amortized cost.

At December 31, 2024, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 1,444,931	\$ 1,444,931	\$ -	\$ -	\$ -

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2024, the District's investments in TexPool were rated "AAAm" by Standard and Poor's.

**Summary of Carrying Values**

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at December 31, 2024, as follows:

Carrying value:	
Deposits	\$ 177,696
Investments	1,444,931
Total	\$ 1,622,627

**Investment Income**

Investment income of \$78,356 for the year ended December 31, 2024, consisted of interest income.

**Note 3. Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2024, is presented as follows.

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 562,579	\$ -	\$ 562,579

**Harris County Municipal Utility District No. 458**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>Governmental Activities (Continued)</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, depreciable:			
Water production and distribution facilities	\$ 395,423	\$ 242,058	\$ 637,481
Wastewater collection and treatment facilities	387,624	466,600	854,224
Drainage facilities	1,133,028	331,189	1,464,217
Total capital assets, depreciable	1,916,075	1,039,847	2,955,922
Less accumulated depreciation:			
Water production and distribution facilities	(14,308)	(14,166)	(28,474)
Wastewater collection and treatment facilities	(35,146)	(20,384)	(55,530)
Drainage facilities	(50,357)	(32,538)	(82,895)
Total accumulated depreciation	(99,811)	(67,088)	(166,899)
Total governmental activities, net	\$ 2,378,843	\$ 972,759	\$ 3,351,602

**Note 4. Long-Term Liabilities**

Changes in long-term liabilities for the year ended December 31, 2024, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Increases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Developer advances	\$ 405,000	\$ -	\$ 405,000	\$ -
Due to developers	9,072,757	1,844,929	10,917,686	-
Total governmental activities long-term liabilities	\$ 9,477,757	\$ 1,844,929	\$ 11,322,686	\$ -

Bonds voted:

Water, sewer and drainage facilities and refunding	\$ 158,180,000
Park and recreational facilities and refunding	29,855,000
Road facilities and refunding	73,910,000

**Due to Developers**

The developers within the District have constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission, as applicable, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$10,917,686. These amounts have been recorded in the financial statements as long-term liabilities.

### ***Developer Advances***

Since inception, a developer has advanced \$405,000 to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming year. These advances have been recorded as liabilities in the financial statements.

### **Note 5. Maintenance Taxes**

At an election held May 9, 2015, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.4500 per \$100 of assessed valuation, which resulted in a tax levy of \$330,961 on the taxable valuation of \$73,546,779 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 9, 2015, voters authorized a road facilities maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2024, the District did not levy an ad valorem road facilities maintenance tax.

### **Note 6. Contract Taxes**

At an election held May 9, 2015, voters authorized the contract (as defined in Note 7) which requires the District to impose a contract tax on all property within the District subject to taxation. During the year ended December 31, 2024, the District levied an ad valorem contract tax at the rate of \$0.7300 per \$100 of assessed valuation, which resulted in a tax levy of \$536,891 on the taxable valuation of \$73,546,779 for the 2024 tax year. This contract tax is used to pay for the District's pro rata share of principal and interest on the Harris County Municipal Utility District No. 171 (the Master District) contract revenue bonds as described in Note 7.

### **Note 7. Financing and Operation of Regional Facilities**

Effective June 8, 2015 and amended June 12, 2023, the District entered into a 40-year Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities (the contract) with the Master District, which sets forth the general terms and conditions pursuant to which the districts share in the joint financing, operation, and use of certain water, sanitary sewer, storm drainage and detention, road and park facilities that serve the areas within the Master District's service area (the Regional Facilities). The Master District shall be the owner of the Regional Facilities constructed and acquired and will provide the services permitted by the contract to all participant districts that are in existence or will be created within the Master District's service area.

Under the terms of the contract, the Master District will charge the participants a monthly operational fee calculated by multiplying the unit cost per connection by the number of equivalent single-family residential connections reserved to each district. The Master District is to maintain an operation and maintenance reserve equivalent to three months of budgeted operation and maintenance expenses.

In addition, the Master District is authorized to issue contract revenue bonds sufficient to complete acquisition and construction of the water, sewer, drainage and road regional facilities as needed to serve all districts in the service area. Each participating district is obligated to pay its pro rata share of debt service requirements on the Master District's contract revenue bonds. With respect to regional recreational facilities, the participant districts will be required to pay the Master District for such facilities by paying park construction charges. During the current year, the District paid \$178,174 for its pro rata share (approximately 1.97%) of the 2024 principal and interest of the Master District's bonds with such sums derived from contract taxes as described in Note 6.

The debt service requirements on all of the Master District's Contract Revenue Bonds outstanding as of December 31, 2024, are as follows.

**Harris County Municipal Utility District No. 458**  
**Notes to Financial Statements**  
**December 31, 2024**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,675,000	\$ 6,874,401	\$ 11,549,401
2026	6,455,000	6,545,884	13,000,884
2027	6,525,000	6,229,526	12,754,526
2028	6,595,000	5,913,856	12,508,856
2029	6,670,000	5,604,266	12,274,266
2030-2034	34,610,000	23,656,555	58,266,555
2035-2039	36,995,000	17,089,530	54,084,530
2040-2044	39,555,000	9,779,664	49,334,664
2045-2049	22,775,000	2,952,706	25,727,706
2050	1,980,000	79,200	2,059,200
Total	<u>\$ 166,835,000</u>	<u>\$ 84,725,588</u>	<u>\$ 251,560,588</u>

Based on the calculations provided by the Master District's financial advisor, the District's pro rata share of total 2024 assessed valuation is 5.23% and its pro rata share of the 2025 principal and interest requirements of the Master District's bonds is \$573,866.

**Note 8. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

**Note 9. Regional Water Authority**

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority) which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of December 31, 2024, the Authority was billing the Master District \$3.95 per 1,000 gallons of water pumped from its wells, and the Master District is billing the District for its pro rata portion. This amount is subject to future adjustments.

**Note 10. Economic Dependency**

The District's developers own the majority of the taxable property in the District. The District's ability to meet its obligations is dependent on the developers' ability to pay property taxes.

***Required Supplementary Information***



**Harris County Municipal Utility District No. 458**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended December 31, 2024**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 280,442	\$ 439,542	\$ 159,100
Water service	6,000	57,412	51,412
Sewer service	3,500	19,946	16,446
Regional water fee	6,500	63,219	56,719
Penalty and interest	100	3,492	3,392
Tap connection and inspection fees	20,000	664,214	644,214
Investment income	15,000	78,356	63,356
Other income	1,200	20	(1,180)
Total revenues	332,742	1,326,201	993,459
<b>Expenditures</b>			
Service operations:			
Purchased services	40,000	276,480	(236,480)
Regional water authority	7,000	66,136	(59,136)
Professional fees	116,000	111,204	4,796
Contracted services	22,000	50,798	(28,798)
Repairs and maintenance	50,000	31,345	18,655
Other expenditures	16,900	19,182	(2,282)
Tap connections	-	253,703	(253,703)
Capital outlay	-	50,450	(50,450)
Debt service, contractual obligations	-	178,174	(178,174)
Total expenditures	251,900	1,037,472	(785,572)
<b>Excess of Revenues Over Expenditures</b>	80,842	288,729	207,887
<b>Fund Balance, Beginning of Year</b>	1,002,936	1,002,936	-
<b>Fund Balance, End of Year</b>	\$ 1,083,778	\$ 1,291,665	\$ 207,887

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during 2024.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

## ***Supplementary Information***

**Harris County Municipal Utility District No. 458**  
**Other Schedules Included Within This Report**  
**December 31, 2024**

---

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 10-18
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [ ] Schedule of Long-Term Debt Service Requirements by Years – Not Applicable
- [ ] Changes in Long-Term Bonded Debt – Not Applicable
- [X] Comparative Schedule of Revenues and Expenditures – General Fund – Five Years
- [X] Board Members, Key Personnel and Consultants

**Harris County Municipal Utility District No. 458**  
**Schedule of Services and Rates**  
**Year Ended December 31, 2024**

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input checked="" type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

2. Retail service providers

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

	<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:	\$ 15.00	10,000	N	\$ 1.25	10,001 to	15,000
				\$ 1.50	15,001 to	30,000
				\$ 2.00	30,001 to	40,000
				\$ 2.50	40,001 to	No Limit
Wastewater:	\$ 39.12	0	Y			
Regional water fee:	\$ 4.15	1,000	N	\$ 4.15	1,001 to	No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 56.50	Wastewater	\$ 39.12

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	74	74	x1.0	74
1"	1	1	x2.5	3
1 1/2"	1	1	x5.0	5
2"	13	13	x8.0	104
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	1	1	x50.0	50
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	94	94		491
Total wastewater	78	78	x1.0	78

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	15,579
Gallons billed to customers:	15,579
Water accountability ratio (gallons billed/gallons pumped):	100.00%

\*"ESFC" means equivalent single-family connections

**Harris County Municipal Utility District No. 458**  
**Schedule of General Fund Expenditures**  
**Year Ended December 31, 2024**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	21,200	
Legal		59,359	
Engineering		30,645	
Financial advisor		-	111,204
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			276,480
<b>Regional Water Authority</b>			66,136
<b>Contracted Services</b>			
Bookkeeping		18,487	
General manager		-	
Appraisal district		4,382	
Tax collector		9,300	
Security		-	
Other contracted services		18,629	50,798
<b>Utilities</b>			-
<b>Repairs and Maintenance</b>			31,345
<b>Administrative Expenditures</b>			
Directors' fees		9,282	
Office supplies		5,120	
Insurance		3,069	
Other administrative expenditures		1,711	19,182
<b>Capital Outlay</b>			
Capitalized assets		50,450	
Expenditures not capitalized		-	50,450
<b>Tap Connection Expenditures</b>			253,703
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Debt Service, Contractual Obligations</b>			178,174
Total expenditures		\$	<u>1,037,472</u>

**Harris County Municipal Utility District No. 458**  
**Schedule of Temporary Investments**  
**December 31, 2024**

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
<b>General Fund</b>				
TexPool	4.48%	Demand	\$ 1,320,368	\$ -
TexPool	4.48%	Demand	124,563	-
			<u>\$ 1,444,931</u>	<u>\$ -</u>

**Harris County Municipal Utility District No. 458**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended December 31, 2024**

	<b>Maintenance Taxes</b>	<b>Contract Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 286,150	\$ 158,135
Additions and corrections to prior years' taxes	(2,056)	(2,687)
Adjusted receivable, beginning of year	284,094	155,448
<b>2024 Original Tax Levy</b>	330,684	536,443
Additions and corrections	277	448
Adjusted tax levy	330,961	536,891
Total to be accounted for	615,055	692,339
Tax collections: Current year	(79,086)	(128,294)
Prior years	(284,094)	(155,448)
Receivable, end of year	<u>\$ 251,875</u>	<u>\$ 408,597</u>
<b>Receivable, by Years</b>		
2024	<u>\$ 251,875</u>	<u>\$ 408,597</u>



**Harris County Municipal Utility District No. 458**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended December 31, 2024**

**(Continued)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Property Valuations</b>				
Land	\$ 56,678,736	\$ 44,248,847	\$ 26,221,040	\$ 25,238,497
Improvements	32,401,125	8,011,697	8,105	-
Personal property	1,036,151	823,178	653,400	881,280
Exemptions	<u>(16,569,233)</u>	<u>(15,432,481)</u>	<u>(477,792)</u>	<u>(223,562)</u>
Total property valuations	<u>\$ 73,546,779</u>	<u>\$ 37,651,241</u>	<u>\$ 26,404,753</u>	<u>\$ 25,896,215</u>
<b>Tax Rates per \$100 Valuation</b>				
Contract tax rates	\$ 0.7300	\$ 0.4200	\$ 0.6700	\$ 0.6100
Maintenance tax rates*	<u>0.4500</u>	<u>0.7600</u>	<u>0.5100</u>	<u>0.5700</u>
Total tax rates per \$100 valuation	<u>\$ 1.1800</u>	<u>\$ 1.1800</u>	<u>\$ 1.1800</u>	<u>\$ 1.1800</u>
<b>Tax Levy</b>	<u>\$ 867,852</u>	<u>\$ 444,285</u>	<u>\$ 311,576</u>	<u>\$ 305,575</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>24%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

\*Maximum tax rate approved by voters: \$1.50 on May 9, 2015

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

**Harris County Municipal Utility District No. 458**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended December 31,**

	Amounts				
	2024	2023	2022	2021	2020
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 439,542	\$ 309,379	\$ 320,451	\$ 131,929	\$ 291,106
Water service	57,412	7,220	4,054	61	-
Sewer service	19,946	3,761	1,205	-	-
Regional water fee	63,219	7,616	5,462	60	-
Penalty and interest	3,492	5	607	-	-
Tap connection and inspection fees	664,214	752,805	368,411	-	-
Investment income	78,356	39,169	8,255	68	149
Other income	20	3,439	430	712	136,273
Total revenues	1,326,201	1,123,394	708,875	132,830	427,528
<b>Expenditures</b>					
Service operations:					
Purchased services	276,480	53,820	19,590	8,100	-
Regional water authority	66,136	8,582	6,127	69	-
Professional fees	111,204	105,452	116,282	102,266	55,203
Contracted services	50,798	32,730	23,910	18,437	17,325
Repairs and maintenance	31,345	19,952	2,238	2,237	-
Other expenditures	19,182	14,609	19,149	13,901	10,123
Tap connections	253,703	52,636	58,191	-	-
Capital outlay	50,450	-	-	-	-
Debt service, contractual obligations	178,174	299,681	118,207	118,140	229,818
Total expenditures	1,037,472	587,462	363,694	263,150	312,469
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	288,729	535,932	345,181	(130,320)	115,059
<b>Other Financing Sources</b>					
Developer advances	-	-	-	75,000	55,000
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	288,729	535,932	345,181	(55,320)	170,059
<b>Fund Balance, Beginning of Year</b>	1,002,936	467,004	121,823	177,143	7,084
<b>Fund Balance, End of Year</b>	\$ 1,291,665	\$ 1,002,936	\$ 467,004	\$ 121,823	\$ 177,143
<b>Total Active Retail Water Connections</b>	94	7	2	1	0
<b>Total Active Retail Wastewater Connections</b>	78	2	1	1	0

---

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
33.1 %	27.5 %	45.2 %	99.3 %	68.1 %
4.3	0.7	0.6	0.1	-
1.5	0.3	0.2	-	-
4.8	0.7	0.8	0.0	-
0.3	0.0	0.1	-	-
50.1	67.0	51.9	-	-
5.9	3.5	1.1	0.1	0.0
0.0	0.3	0.1	0.5	31.9
100.0	100.0	100.0	100.0	100.0
20.9	4.8	2.8	6.1	-
5.0	0.7	0.8	0.0	-
8.4	9.4	16.4	77.0	12.9
3.8	2.9	3.4	13.9	4.1
2.4	1.8	0.3	1.7	-
1.4	1.3	2.7	10.5	2.4
19.1	4.7	8.2	-	-
3.8	-	-	-	-
13.4	26.7	16.7	88.9	53.7
78.2	52.3	51.3	198.1	73.1
21.8 %	47.7 %	48.7 %	(98.1) %	26.9 %

**Harris County Municipal Utility District No. 458**  
**Board Members, Key Personnel and Consultants**  
**Year Ended December 31, 2024**

Complete District mailing address:	Harris County Municipal Utility District No. 458 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	August 13, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected &amp; Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
David T. Patterson	Elected 05/24- 05/28	\$ 2,210	\$ -	President
Katie A. Golzarri	Elected 05/22- 05/26	1,768	75	Vice President
Jared Bowlin	Elected 05/22- 05/26	1,768	94	Secretary
Monte Lowery	Elected 05/24- 05/28	1,989	469	Assistant Vice President
David Williamson	Appointed 08/24- 05/26	884	110	Assistant Secretary
Todd Hamilton	Elected 05/22- 05/24	663	111	Resigned

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

**Harris County Municipal Utility District No. 458  
Board Members, Key Personnel and Consultants  
Year Ended December 31, 2024**

**(Continued)**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
Allen Boone Humphries Robinson LLP	02/02/15	\$ 58,075	General Counsel
BGE, Inc.	11/08/18	30,645	Engineer
District Data Services, Inc.	07/26/22	18,487	Bookkeeper
Forvis Mazars, LLP	01/11/21	21,200	Auditor
Harris Central Appraisal District	Legislative Action	4,382	Appraiser
Masterson Advisors LLC	05/14/18	-	Financial Advisor
Si Environmental, LLC	05/11/20	213,886	Operator
Utility Tax Service, LLC	05/15/15	12,209	Tax Assessor/ Collector
<b>Investment Officer</b>			
Stephanie Viator	07/26/22	N/A	Bookkeeper