

OFFICIAL STATEMENT DATED NOVEMBER 18, 2025

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

THE BONDS HAVE NOT BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry Only

Insured Rating on the Series 2025A Bonds (BAM): S&P “AA” (stable outlook)
Insured Rating on the Series 2025B Park Bonds (AG): S&P “AA” (stable outlook)
See “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE—
SERIES 2025A BONDS” and “MUNICIPAL BOND INSURANCE—SERIES
2025B PARK BONDS” herein.

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 14

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

\$10,000,000
UNLIMITED TAX BONDS
SERIES 2025A

\$8,000,000
UNLIMITED TAX PARK BONDS
SERIES 2025B

Dated Date: December 1, 2025

Due: May 1, as shown on the inside cover

Interest Accrual Date: Date of Delivery

The \$10,000,000 Unlimited Tax Bonds, Series 2025A (the “Series 2025A Bonds”) and the \$8,000,000 Unlimited Tax Park Bonds, Series 2025B (the “Series 2025B Park Bonds” and, together with the Series 2025A Bonds, the “Bonds”) are obligations solely of Harris County Improvement District No. 14 (the “District”) and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District.

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

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds accrues from the initial date of delivery (expected on or about December 18, 2025) (the “Date of Delivery”), and is payable each May 1 and November 1, commencing May 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown on the inside cover.

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



The scheduled payment of principal of and interest on the Series 2025A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025A Bonds by Build America Mutual Assurance Company (“BAM” or the “Series 2025A Insurer”). See “MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS” herein.



The scheduled payment of principal of and interest on the Series 2025B Park Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025B Park Bonds by Assured Guaranty Inc. (“AG” or the “Series 2025B Park Insurer”). See “MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS” herein.

See “MATURITY SCHEDULES” on the inside cover

The Bonds are offered by the Underwriters (as defined herein) subject to prior sale, when, as and if issued by the District and accepted by the respective Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS.” Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about December 18, 2025.

MATURITY SCHEDULES

\$10,000,000 SERIES 2025A BONDS

<u>Due</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>	<u>Due</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>
2029	\$ 160,000	6.500 %	3.20 %	41418M DZ1	2042	\$ 315,000 (a)	4.375 %	4.55 %	41418M EN7
2030	170,000	6.500	3.30	41418M EA5	2043	330,000 (a)	4.500	4.60	41418M EP2
2031	180,000	6.500	3.35	41418M EB3	2044	350,000 (a)	4.500	4.65	41418M EQ0
2032	190,000	6.500	3.40	41418M EC1	2045	370,000 (a)	4.500	4.70	41418M ER8
2033	200,000 (a)	6.500	3.45	41418M ED9	2046	385,000 (a)	4.500	4.71	41418M ES6
2034	210,000 (a)	6.500	3.50	41418M EE7	2047	405,000 (a)	4.625	4.72	41418M ET4
2035	220,000 (a)	4.000	3.80	41418M EF4	2048	430,000 (a)	4.625	4.73	41418M EU1
2036	230,000 (a)	4.000	4.00	41418M EG2	2049	500,000 (a)	4.625	4.74	41418M EV9
2037	245,000 (a)	4.000	4.05	41418M EH0	2050	1,000,000 (a)	4.625	4.75	41418M EW7
2038	255,000 (a)	4.000	4.10	41418M EJ6	2051	1,000,000 (a)	4.625	4.76	41418M EX5
2039	270,000 (a)	4.125	4.20	41418M EK3	2052	1,000,000 (a)	4.625	4.77	41418M EY3
2040	285,000 (a)	4.250	4.35	41418M EL1	2053	1,000,000 (a)	4.625	4.78	41418M EZ0
2041	300,000 (a)	4.375	4.45	41418M EM9					

\$8,000,000 SERIES 2025B PARK BONDS

<u>Due</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>	<u>Due</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>
2029	\$ 175,000	6.500 %	3.05 %	41418M FA4	2040	\$ 305,000 (a)	4.125 %	4.25 %	41418M FM8
2030	185,000	6.500	3.10	41418M FB2	2041	320,000 (a)	4.250	4.35	41418M FN6
2031	190,000	6.500	3.15	41418M FC0	2042	340,000 (a)	4.250	4.45	41418M FP1
2032	205,000	6.500	3.25	41418M FD8	2043	355,000 (a)	4.375	4.50	41418M FQ9
2033	215,000 (a)	6.500	3.30	41418M FE6	2044	375,000 (a)	4.500	4.60	41418M FR7
2034	225,000 (a)	6.500	3.40	41418M FF3	2045	395,000 (a)	4.500	4.65	41418M FS5
2035	235,000 (a)	4.000	3.75	41418M FGI	2046	415,000 (a)	4.500	4.70	41418M FT3
***	***	***	***	***	2047	435,000 (a)	4.500	4.71	41418M FU0
2038	275,000 (a)	4.000	4.10	41418M FK2	2048	460,000 (a)	4.500	4.73	41418M FV8
2039	290,000 (a)	4.000	4.20	41418M FL0	2049	485,000 (a)	4.500	4.75	41418M FW6

\$ 510,000 Term Bonds Due May 1, 2037 (a), 41418M FJ5 (c), 4.000% Interest Rate, 4.00% Yield (b)

\$1,610,000 Term Bonds Due May 1, 2052 (a), 41418M FZ9 (c), 4.500% Interest Rate, 4.80% Yield (b)

- (a) Bonds maturing on or after May 1, 2033, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on May 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Series 2025B Park Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
- (b) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriters (as herein defined) for offers to the public and which subsequently may be changed.
- (c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriters shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

TABLE OF CONTENTS

MATURITY SCHEDULES.....	2
OFFICIAL STATEMENT SUMMARY.....	4
SELECTED FINANCIAL INFORMATION (UNAUDITED).....	8
THE BONDS	9
BOOK-ENTRY-ONLY SYSTEM.....	15
USE AND DISTRIBUTION OF BOND PROCEEDS	17
THE DISTRICT	19
THE DEVELOPER AND MAJOR LANDOWNER	21
MANAGEMENT OF THE DISTRICT	22
THE SYSTEM	23
THE ROAD SYSTEM	25
THE PARK SYSTEM.....	25
FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)	26
ESTIMATED OVERLAPPING DEBT	27
DISTRICT OPERATIONS	29
DEBT SERVICE REQUIREMENTS	30
TAX DATA	31
TAXING PROCEDURES.....	33
RISK FACTORS.....	37
LEGAL MATTERS	43
TAX MATTERS	44
MUNICIPAL BOND RATING	46
MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS	47
MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS	48
REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS	50
SALE AND DISTRIBUTION OF THE BONDS	50
PREPARATION OF OFFICIAL STATEMENT	51
CONTINUING DISCLOSURE OF INFORMATION	52
MISCELLANEOUS.....	53
AERIAL PHOTOGRAPH	54
PHOTOGRAPHS OF THE DISTRICT	55
INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT	APPENDIX A
BAM SPECIMEN MUNICIPAL BOND INSURANCE POLICY	APPENDIX B
AG SPECIMEN MUNICIPAL BOND INSURANCE POLICY	APPENDIX C

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

Build America Mutual Assurance Company (“BAM” or the “Series 2025A Insurer”) makes no representation regarding the Series 2025A Bonds or the advisability of investing in the Series 2025A Bonds. In addition, the Series 2025A Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Series 2025A Insurer, supplied by the Series 2025A Insurer and presented under the heading “MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS” and “APPENDIX B—BAM Specimen Municipal Bond Insurance Policy.”

Assured Guaranty Inc. (“AG” or the “Series 2025B Park Insurer”) makes no representation regarding the Series 2025B Park Bonds or the advisability of investing in the Series 2025B Park Bonds. In addition, the Series 2025B Park Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Series 2025B Park Insurer supplied by the Series 2025B Park Insurer and presented under the heading “MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS” and “APPENDIX C—AG Specimen Municipal Bond Insurance Policy.”

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description...

Harris County Improvement District No. 14 (the “District”) is a political subdivision of the State of Texas created as an improvement district in 2009 under Section 59, Article XVI, the Texas Constitution by Senate Bill 2472 of the Texas Legislature, 81st Regular Session, effective May 27, 2009, as codified in Chapter 3882 of the Texas Special District Local Laws Code. The District operates pursuant to Chapter 3882 of the Texas Special District Local Laws Code; certain provisions of Chapter 375 of the Texas Local Government Code, as amended; certain provisions of Chapters 49 and 54 of the Texas Water Code, as amended; and Article XVI, Section 59 and Article III, Section 52 and 52-a of the Texas Constitution. The District is subject to the continuing supervisory jurisdiction of the Texas Commission on Environmental Quality (the “TCEQ” or “Commission”). The District has the authority, among other things, to finance and construct water, sewer, and drainage facilities, roads, parks and recreational facilities, and other public infrastructure to serve the land within the District’s boundaries. The District currently contains approximately 766 acres of land, including the approximately 91 acres annexed into the District on August 19, 2025. See “THE DISTRICT.”

Location...

The District is located in northwest Harris County, approximately 25 miles northwest of the central downtown business district of the City of Houston (the “City”). The District lies wholly within the extraterritorial jurisdiction of the City and is within the boundaries of the Cypress Fairbanks Independent School District. The District lies approximately 2 miles southeast of the intersection of State Highway 290 and State Highway 99 (Grand Parkway). The District can be accessed from State Highway 290 via Mason Road. See “THE DISTRICT—Description and Location” and “AERIAL PHOTOGRAPH.”

The Developer and Major Landowner...

The developer of approximately 356 acres of land in the District is Dunham Pointe Development LLC (the “Developer”), a Texas limited liability company, which is 100% owned by Archie Dunham and the estate of Linda Dunham. The Developer was formed for the sole purpose of developing the District and the adjacent improvement district, Harris County Improvement District No. 13 (“HCID No. 13”). Mason Westgreen, L.P., a Texas limited partnership and real estate investor, the general partner of which is Mason Westgreen GP LLC (“Mason Westgreen”), a Texas limited liability company, which is 100% owned by Archie Dunham and the estate of Linda Dunham, sells land within the District to the Developer and other third-party entity developers. As of the date hereof, the Developer has purchased all remaining acreage from Mason Westgreen and Mason Westgreen does not own any additional acreage in the District. The Developer and Mason Westgreen are related entities. See “THE DEVELOPER AND MAJOR LANDOWNER.”

No landowner, developer or any of their respective affiliates is obligated to pay any principal of or interest on the Bonds. See “THE DEVELOPER AND MAJOR LANDOWNER.”

Status of Development...

Single-family residential development in the District consists of Dunham Pointe, Sections 1 through 17 and Model Court, Sections 1 and 2, totaling 1,030 completed single-family residential lots on approximately 312 acres. As of October 21, 2025, there were 738 completed and occupied homes, 123 homes under construction or in a builder’s name, and 169 vacant developed lots. There are 113 single-family residential lots under construction on approximately 44 acres expected to be completed in the fourth quarter of 2025.

In addition, there are approximately 145 developable acres remaining to be developed and approximately 265 acres in the District are not developable, including public rights-of-way, pipeline easements, utility sites, detention, drill sites, recreational sites and open space. See “THE DISTRICT—Land Use,” “—Status of Development” and “—Homebuilding.”

Homebuilders...

Coventry Homes, David Weekley Homes, Newmark Homes, Toll Brothers, and Tri Pointe Homes are building homes in Dunham Pointe which range in sales price from approximately \$450,000 to \$1,300,000. See “THE DISTRICT—Homebuilding.”

Payment Record...

The District has previously issued three series of unlimited tax bonds for purchasing and constructing water, sewer and drainage facilities (“Water, Sewer and Drainage Bonds”) and one series of unlimited tax bonds for purchasing and constructing road facilities (“Road Bonds”), all of which are currently outstanding (the “Outstanding Bonds”) as of the date hereof. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds.” The District will capitalize six (6) months of interest from the Series 2025A Bond proceeds and twelve (12) months of interest from the Series 2025B Park Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” The District has timely paid its debt service on the Outstanding Bonds.

THE BONDS

Description...

The \$10,000,000 Unlimited Tax Bonds, Series 2025A (the “Series 2025A Bonds”) and the \$8,000,000 Unlimited Tax Park Bonds, Series 2025B (the “Series 2025B Park Bonds” and, together with the Series 2025A Bonds, the “Bonds”) are being issued as fully registered bonds pursuant to separate resolutions (the “Bond Resolutions”) authorizing the issuance of each such series of the Bonds adopted by the District’s Board of Directors (the “Board”). The Series 2025A Bonds are scheduled to mature serially on May 1 in each of the years 2029 through 2053, both inclusive, in the principal amounts and accrue interest at the rates shown on the inside cover hereof. The Series 2025B Park Bonds are scheduled to mature serially on May 1 in each of the years 2029 through 2035, both inclusive, and 2038 through 2049, both inclusive, and as term bonds maturing on May 1 in each of the years 2037 and 2052 (the “Series 2025B Park Term Bonds”) in the principal amounts and accrue interest at the rates shown on the inside cover hereof. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from the Date of Delivery, and is payable May 1, 2026, and each November 1 and May 1 thereafter, until the earlier of maturity or redemption. See “THE BONDS.”

Book-Entry-Only System...

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

Redemption...

Bonds maturing on or after May 1, 2033 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on May 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2025B Park Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”

*Use of Proceeds for the
Series 2025A Bonds...*

Proceeds of the Series 2025A Bonds will be used to reimburse the Developer for construction costs, engineering and testing costs, operating costs and related interest costs; to capitalize six (6) months of interest on the Series 2025A Bonds; to pay Developer interest; and to pay costs of issuance of the Series 2025A Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2025A Bonds” and “THE SYSTEM.”

*Use of Proceeds for the
Series 2025B Park Bonds...*

Proceeds of the Series 2025B Park Bonds will be used to reimburse the Developer for construction costs, land acquisition costs, and engineering and testing costs; to capitalize twelve (12) months of interest on the Series 2025B Park Bonds; to pay Developer interest; to pay for District park projects and to pay costs of issuance of the Series 2025B Park Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2025B Park Bonds” and “THE PARK SYSTEM.”

Authority for Issuance...

The Series 2025A Bonds are the fourth series of bonds issued out of an aggregate of \$302,650,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of purchasing and constructing water, sewer and drainage facilities and refunding of such bonds. The Series 2025A Bonds are issued by the District pursuant to an order of the TCEQ, the terms and provisions of Article XVI, Section 59 of the Texas Constitution, Chapter 3882, Texas Special District Local Laws Code, Chapter 375, Texas Local Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, and the terms and conditions of a resolution authorizing the issuance of the Series 2025A Bonds (the “Series 2025A Bond Resolution”).

The Series 2025B Park Bonds are the first series of bonds issued out of an aggregate of \$51,350,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of purchasing and constructing parks and recreational facilities and refunding of such bonds. The Series 2025B Park Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, Chapter 3882, Texas Special District Local Laws Code, Chapter 375, Texas Local Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, and the terms and conditions of a resolution authorizing the issuance of the Series 2025B Park Bonds (the “Series 2025B Park Bond Resolution”). See “THE BONDS—Authority for Issuance,” “—Issuance of Additional Debt,” and “RISK FACTORS—Future Debt.”

Source of Payment...

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

*Municipal Bond Rating and
Municipal Bond Insurance...*

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) has assigned a municipal bond rating of “AA” (stable outlook) to the Series 2025A Bonds with the understanding that, upon issuance and delivery of the Series 2025A Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2025A Bonds will be issued by Build America Mutual Assurance Company (“BAM” or the “Series 2025A Insurer”). S&P is expected to assign a municipal bond insured rating of “AA” (stable outlook) to the Series 2025B Park Bonds with the understanding that, upon issuance and delivery of the Series 2025B Park Bonds, a bond insurance policy insuring the timely payment of the principal of and interest on the Series 2025B Park Bonds will be issued by Assured Guaranty Inc. (“AG” or the “Series 2025B Park Insurer”). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS,” “MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS,” “APPENDIX B” and “APPENDIX C.”

*Not Qualified Tax-Exempt
Obligations...*

The Bonds are not designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS—Not Qualified Tax-Exempt Obligations.”

<i>Bond Counsel...</i>	Allen Boone Humphries Robinson LLP, Houston, Texas. See “MANAGEMENT OF THE DISTRICT,” “LEGAL MATTERS” and “TAX MATTERS.”
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT.”
<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. See “THE BONDS—Method of Payment of Principal and Interest.”

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Taxable Assessed Valuation.....	\$457,780,362	(a)
Estimated Taxable Assessed Valuation as of July 15, 2025.....	\$513,538,926	(b)
Gross Direct Debt Outstanding (after the issuance of the Bonds).....	\$48,100,000	(c)
Estimated Overlapping Debt	25,489,135	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$73,589,135	
Ratios of Gross Direct Debt to:		
2025 Taxable Assessed Valuation.....	10.51%	
Estimated Taxable Assessed Valuation as of July 15, 2025.....	9.37%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Taxable Assessed Valuation.....	16.08%	
Estimated Taxable Assessed Valuation as of July 15, 2025.....	14.33%	
Funds Available for Debt Service:		
Water/Sewer/Drainage /Park Debt Service Funds Available as of October 21, 2025	\$ 984,616	(e)
Capitalized Interest from Series 2025A Bond Proceeds (Six (6) Months).....	235,813	(e)(f)
Capitalized Interest from Series 2025B Park Bond Proceeds (Twelve (12) Months)	374,113	(e)(f)
Road Debt Service Funds Available as of October 21, 2025	346,084	(e)
Total Debt Service Funds Available	\$1,940,626	
Water/Sewer/Drainage/Park Capital Projects Funds Available as of October 21, 2025	\$298,441	(g)
Road Capital Projects Funds Available as of October 21, 2025.....	\$ 41,374	
Operating Funds Available as of October 21, 2025	\$625,205	
2025 Tax Rate:		
Debt Service	\$0.62	
Maintenance and Operations	0.73	
Total	\$1.35	
Average Annual Debt Service Requirement (2026-2053) of the Bonds and the Outstanding Bonds ("Average Annual Requirement").....	\$2,976,759	(h)
Maximum Annual Debt Service Requirement (2029) of the Bonds and the Outstanding Bonds ("Maximum Requirement").....	\$3,300,581	(h)
Tax Rates Required to Pay Average Annual Requirement based upon:		
2025 Taxable Assessed Valuation at a 95% collection rate	\$0.69	
Estimated Taxable Assessed Valuation as of July 15, 2025 at a 95% collection rate	\$0.62	
Tax Rates Required to Pay Maximum Requirement based upon:		
2025 Taxable Assessed Valuation at a 95% collection rate	\$0.76	
Estimated Taxable Assessed Valuation as of July 15, 2025 at a 95% collection rate	\$0.68	
Status of Development as of October 21, 2025 (i):		
Homes Completed and Occupied	738	
Homes Under Construction or in a Builder's Name.....	123	
Lots Available for Home Construction	169	
Lots Under Construction	113	
Estimated Population	2,583	(j)

- (a) The Harris Central Appraisal District (the "Appraisal District") has certified \$428,543,676 of taxable value within the District as of January 1, 2025. An additional \$29,236,686 of taxable value remains uncertified and is subject to review, downward revision and adjustment prior to certification. See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on July 15, 2025. Increases in value that occur between January 1, 2025, and July 15, 2025, will be assessed for purposes of taxation on January 1, 2026. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "ESTIMATED OVERLAPPING DEBT."
- (e) Neither Texas law nor the Bond Resolutions require that the District maintain any particular balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a portion of the District's ad valorem tax revenue will be allocated to Water, Sewer, Drainage and Park Bonds, including the Bonds, and a portion will be allocated to Road Bonds. The Water, Sewer, Drainage and Park Debt Service Fund is not pledged to Road Bonds, and the Road Debt Service Fund is not pledged to Water, Sewer, Drainage and Park Bonds, including the Bonds. See "THE BONDS—Funds."
- (f) The District will capitalize six (6) months of interest from the Series 2025A Bond proceeds and twelve (12) months of interest from the Series 2025B Park Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (g) The District will contribute \$260,000 of surplus Water/Sewer/Drainage/Park Capital Projects Funds toward the issuance of the Series 2025A Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2025A Bonds."
- (h) See "DEBT SERVICE REQUIREMENTS."
- (i) See "THE DISTRICT—Land Use" and "—Status of Development."
- (j) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 14

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

\$10,000,000
UNLIMITED TAX BONDS
SERIES 2025A

\$8,000,000
UNLIMITED TAX PARK BONDS
SERIES 2025B

This Official Statement provides certain information in connection with the issuance by Harris County Improvement District No. 14 (the “District”) of its \$10,000,000 Unlimited Tax Bonds, Series 2025A (the “Series 2025A Bonds”) and its \$8,000,000 Unlimited Tax Park Bonds, Series 2025B (the “Series 2025B Park Bonds”). The Series 2025A Bonds and the Series 2025B Park Bonds are collectively referred to herein as the “Bonds.”

The Series 2025A Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, Chapter 3882, Texas Special District Local Laws Code, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 375, Texas Local Government Code, as amended, the general laws of the State of Texas, a resolution authorizing the issuance of the Series 2025A Bonds (the “Series 2025A Bond Resolution”) adopted by the Board of Directors of the District (the “Board”), an order of the Texas Commission on Environmental Quality (the “TCEQ” or “Commission”) and an election held within the District.

The Series 2025B Park Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, Chapter 3882, Texas Special District Local Laws Code, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 375, Texas Local Government Code, as amended, the general laws of the State of Texas, a resolution authorizing the issuance of the Series 2025B Park Bonds (the “Series 2025B Park Bond Resolution” and together with the Series 2025A Bond Resolution, the “Bond Resolutions”) adopted by the Board, and an election held within the District.

This Official Statement includes descriptions, among others, of the Bonds, the Bond Resolutions, and certain other information about the District and Dunham Pointe Development LLC (“Dunham Pointe” or the “Developer”). All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

THE BONDS

Description

The Bonds will be dated December 1, 2025 and accrue interest from the Date of Delivery, with interest payable each May 1 and November 1, beginning May 1, 2026 (each, an “Interest Payment Date”), and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the inside 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 Resolutions, the Board has appointed The Bank of New York Mellon Trust Company, N.A., Houston, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in 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 record as of the close of business on the April 15 or October 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 Resolutions.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolutions to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. In the Bond Resolutions, 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 (the "City"), or any entity other than the District.

Funds

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

Six (6) months of capitalized interest from the proceeds of the Series 2025A Bonds shall be deposited into the Water/Sewer/Drainage/Park Debt Service Fund upon receipt. The remaining proceeds of sale of the Series 2025A Bonds shall be deposited into the Water/Sewer/Drainage/Park Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction costs, engineering and testing costs, operating costs and related interest costs, to pay Developer interest and to pay costs of issuance of the Series 2025A Bonds. Twelve (12) months of capitalized interest from the proceeds of the Series 2025B Park Bonds shall be deposited into the Water/Sewer/Drainage/Park Debt Service Fund upon receipt. The remaining proceeds of sale of the Series 2025B Park Bonds shall be deposited into the Water/Sewer/Drainage/Park Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction costs, land acquisition costs, engineering and testing costs, to pay Developer interest, to pay for District park projects and to pay costs of issuance of the Series 2025B Park Bonds. Any monies remaining in the Water/Sewer/Drainage/Park Capital Projects Fund will be used as described in the Bond Resolutions or ultimately transferred to the Water/Sewer/Drainage/Park Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Water/Sewer/Drainage/Park Debt Service Fund is available for payment of principal of and interest on bonds issued for water, sewer and drainage facilities and parks and recreational 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 and parks and recreational facilities, including the Bonds.

No Arbitrage

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

Redemption Provisions

Mandatory Redemption of the Series 2025B Park Term Bonds: The Series 2025B Park Bonds maturing on May 1 in each of the years 2037 and 2052 (the “Series 2025B Park Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, on May 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” herein):

\$510,000 Term Bonds		\$1,610,000 Term Bonds	
Due May 1, 2037		Due May 1, 2052	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2036	\$ 250,000	2050	\$ 510,000
2037 (maturity)	260,000	2051	535,000
		2052 (maturity)	565,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Series 2025B Park Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Series 2025B Park Term Bonds or portions of the Series 2025B Park Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Series 2025B Park Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Series 2025B Park Term Bonds, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

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

If less than all of the Bonds are redeemed at any time, the series and the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of the same series 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 series and 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 bond elections held within the District, voters of the District authorized the issuance of \$302,650,000 principal amount of unlimited tax bonds for purchasing and constructing water, sewer and drainage facilities and refunding of such bonds and \$51,350,000 principal amount of unlimited tax bonds for purchasing and constructing parks and recreational facilities and refunding of such bonds. The Bonds are being issued pursuant to such authorizations.

The TCEQ has approved the sale of the Series 2025A Bonds subject to certain restrictions, including the use of Series 2025A Bond proceeds as summarized in “USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2025A Bonds.” The Series 2025A Bonds are pursuant to an order of the TCEQ, the terms and provisions of Article XVI, Section 59 of the Texas Constitution, Chapter 3882, Texas Special District Local Laws Code, Chapter 375, Texas Local Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, an election held within the District and the Series 2025A Bond Resolution.

The Series 2025B Park Bonds are issued pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, Chapter 3882, Texas Special District Local Laws Code, Chapter 375, Texas Local Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, an election held within the District and the Series 2025B Park Bond Resolution. Pursuant to Section 375.208, Texas Local Government Code, TCEQ approval is not required for the Series 2025B Park Bonds. In addition, pursuant to Section 3852.210(c), Texas Special District Local Laws Code, any limitations on park bonds contained in Section 49.4645, Texas Water Code, do not apply to 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 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 Resolutions.

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 series, 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 Resolutions 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 series, maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ (other than road bonds, refunding bonds, parks and recreational facilities bonds and economic development bonds), necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$302,650,000 principal amount of unlimited tax bonds for purchasing and constructing water, sewer and drainage facilities and refunding of such bonds, \$172,000,000 principal amount of unlimited tax bonds for purchasing and constructing road facilities and refunding of such bonds, \$51,350,000 principal amount of unlimited tax bonds for purchasing and constructing parks and recreational facilities and refunding of such bonds, and \$25,000,000 principal amount of unlimited tax bonds for economic development and refunding of such bonds. The Texas Attorney General's office has taken the position that the Texas Constitution does not allow ad valorem tax revenues to be used to pay for bonds issued for economic development purposes. After issuance of the Bonds, \$270,550,000 principal amount of unlimited tax bonds will remain authorized but unissued for purchasing and constructing water, sewer and drainage facilities and refunding of such bonds, \$164,000,000 principal amount of unlimited tax bonds will remain authorized but unissued for purchasing and constructing road facilities and refunding of such bonds, \$43,350,000 principal amount of unlimited tax bonds will remain authorized but unissued for purchasing and constructing park and recreational facilities and refunding of such bonds and all of the authorized bonds for economic development and refunding of such bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. See "RISK FACTORS—Future Debt."

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) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election to authorize firefighting activities at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for 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 a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City of Houston cannot annex territory within the District unless it annexes the entire District; however, the City of Houston 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 currently does not have a strategic partnership agreement with the City.

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 Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do 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 Resolutions may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriters take any responsibility for the accuracy thereof.

USE AND DISTRIBUTION OF BOND PROCEEDS

Series 2025A Bonds

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 Series 2025A Bond Application. A portion of the proceeds from the sale of the Series 2025A Bonds will be used to pay for the construction, and development costs associated with the items shown below and to pay certain non-construction costs associated with the issuance of the Bonds. 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 Series 2025A Bonds and completion of agreed upon procedures by the District's auditor.

CONSTRUCTION COSTS

Phase 1 Detention Outfall.....	\$ 115,616
Detention / Amenity Lakes CD and E.....	685,152
Detention / Amenity Lake FG 3.....	990,492
Entry Crossing at Mason Road Section 1, Phase 1.....	92,981
Entry Crossing at Mason Road Section 1, Phase 2.....	56,809
Mason Road and Mound Road Street Dedication Section 1.....	480,605
Dunham Pointe Model Court, Section 1.....	197,354
Dunham Pointe, Section 1.....	1,940,737
Dunham Pointe, Section 2.....	773,612
Dunham Pointe, Section 3.....	433,820
Dunham Pointe, Section 4.....	75,350
Lift Station No. 1 Masonry Fencing.....	118,774
Engineering.....	840,099
Material Testing.....	81,016
SWPPP Management.....	85,286
Geotechnical Engineering Reports.....	48,487
Less: Surplus Funds (a).....	(260,000)

Total Construction Related Costs..... \$ 6,756,190

NON-CONSTRUCTION COSTS

Legal Fees.....	\$ 240,000
Fiscal Agent Fees.....	170,000
Capitalized Interest (Six (6) Months) (b).....	235,813
Developer Interest (Estimated).....	1,716,537
Bond Discount (b).....	299,700
Bond Issuance Expenses.....	37,378
Attorney General Fee.....	9,500
TCEQ Bond Issuance Fee.....	25,000
Operating Advances.....	422,895
Bond Application Report Costs.....	60,000
Contingency (b).....	26,987

Total Non-Construction Costs..... \$ 3,243,810

TOTAL BOND ISSUE..... \$ 10,000,000

- (a) The District will contribute \$260,000 of surplus Water/Sewer/Drainage/Park Capital Projects Funds toward the issuance of the Series 2025A Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."
- (b) In its order authorizing the issuance of the Series 2025A Bonds, the TCEQ approved a maximum Bond Discount of 3.00% and six (6) months of capitalized interest. Contingency represents the difference in the estimated and actual amounts of Bond Discount and capitalized interest and can be used for purposes allowed and approved by the TCEQ.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the event actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

Series 2025B Park Bonds

The construction costs below were compiled by the Engineer. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and 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 Series 2025B Park Bonds and completion of agreed upon procedures by the District's auditor. Surplus funds, if any, may be expended pursuant to the Series 2025B Park Bond Resolution for any lawful purpose for which surplus construction funds may be used.

CONSTRUCTION COSTS

Detention / Amenity Lakes CD and E.....	\$ 328,092
Jack Road & Reserve (Detention / Amenity Lakes FG4 & FG5).....	124,796
Detention / Amenity Lake FG3.....	310,406
Detention / Amenity Lake JK2 & JK3.....	213,269
Phase 1A Landscape Amenities.....	229,937
Pocket Parks in Dunham Pointe, Sections 15, 18 and Recreation Center.....	3,000,000
Engineering/Architect Fees.....	747,471
Material Testing.....	20,355
SWPPP Management.....	5,933
Land Acquisition Costs.....	1,629,873
Total Construction Related Costs.....	\$ 6,610,132

NON-CONSTRUCTION COSTS

Legal Fees.....	\$ 200,000
Fiscal Agent Fees.....	140,000
Capitalized Interest (Twelve (12) Months) (a).....	374,113
Developer Interest (Estimated).....	308,471
Bond Discount (a).....	239,920
Bond Issuance Expenses.....	38,397
Attorney General Fee.....	8,000
Engineering Fees.....	35,000
Contingency (a).....	45,967
Total Non-Construction Costs.....	\$ 1,389,868

TOTAL BOND ISSUE..... \$ 8,000,000

(a) Contingency represents the difference in the estimated and actual amounts of Bond Discount and capitalized interest.

THE DISTRICT

General

The District is a political subdivision of the State of Texas created as an improvement district in 2009 under Section 59, Article XVI, and by Senate Bill 2472 of the Texas Legislature, 81st Regular Session, effective May 27, 2009, as codified in Chapter 3882 of the Texas Special District Local Laws Code. The District operates pursuant to Chapter 3882 of the Texas Special District Local Laws Code; as amended, certain provisions of Chapter 375 of the Texas Local Government Code, as amended; certain provisions of Chapters 49 and 54 of the Texas Water Code, as amended; and Article XVI, Section 59 and Article III, Section 52 and 52-a of the Texas Constitution. The District is subject to the continuing supervisory jurisdiction of the TCEQ. The District has the authority, among other things, to finance and construct water, sewer, drainage, roads, parks and recreational facilities, and other public infrastructure to serve the land within the District's boundaries. The District currently contains approximately 766 acres of land, including the approximately 91 acres annexed into the District on August 19, 2025.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water; and the provision of parks and recreational facilities. The District is also empowered to construct roads and improvements in aid thereof. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts after approval by the TCEQ and the voters of the District. The District may purchase, construct, operate and maintain public improvements authorized for an improvement district and may provide for the creation of programs and making of loans and grants of public monies for the public purposes of development and diversification of the State's economy, the elimination of unemployment and/or the development or expansion of transportation or commerce.

The Commission exercises continuing supervisory jurisdiction over the District only for the water, sewer and drainage projects. The District is required to observe certain requirements of the City which, along with Texas law, limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, road, recreational, economic development and fire-fighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain public facilities to be designed in accordance with applicable City standards. Construction and operation of the District's system are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM—Regulation."

Description and Location

The District is located in northwest Harris County approximately 25 miles northwest of the central downtown business district of Houston, Texas. The District lies wholly within the extraterritorial jurisdiction of the City and is within the boundaries of the Cypress Fairbanks Independent School District. The District lies approximately 2 miles southeast of the intersection of State Highway 290 and State Highway 99 (Grand Parkway). The District can be accessed from State Highway 290 via Mason Road. See "AERIAL PHOTOGRAPH."

Land Use

The following table has been provided by the Engineer and represents the current land use within the District.

	Approximate	
<i><u>Single-Family Residential</u></i>	<u>Acres</u>	<u>Lots</u>
Dunham Pointe Model Court, Section 1.....	3	6
Dunham Pointe Model Court, Section 2.....	1	3
Dunham Pointe, Section 1.....	35	114
Dunham Pointe, Section 2.....	17	79
Dunham Pointe, Section 3.....	8	38
Dunham Pointe, Section 4.....	21	61
Dunham Pointe, Section 5.....	17	43
Dunham Pointe, Section 6.....	19	67
Dunham Pointe, Section 7.....	11	50
Dunham Pointe, Section 8.....	25	79
Dunham Pointe, Section 9.....	19	72
Dunham Pointe, Section 10.....	17	44
Dunham Pointe, Section 11.....	10	44
Dunham Pointe, Section 12.....	17	73
Dunham Pointe, Section 13.....	16	44
Dunham Pointe, Section 14.....	15	54
Dunham Pointe, Section 15.....	19	50
Dunham Pointe, Section 16.....	21	56
Dunham Pointe, Section 17.....	21	53
Dunham Pointe, Section 19 (a).....	22	65
Dunham Pointe, Section 22 (a).....	22	48
Subtotal.....	356	1,143
<i>Future Development</i>	145	---
<i>Undevelopable (b)</i>	265	---
	766	1,143

(a) Water, sewer and drainage and paving facilities are under construction with completion expected in the fourth quarter of 2025.

(b) Includes public rights-of-way, pipeline easements, utility sites, detention, drill sites, recreational sites and open space.

Status of Development

Single-family residential development in the District consists of Dunham Pointe, Sections 1 through 17 and Model Court, Sections 1 and 2, totaling 1,030 completed single-family residential lots on approximately 312 acres. As of October 21, 2025, there were 738 completed and occupied homes, 123 homes under construction or in a builder's name, and 169 vacant developed lots. There are 113 single-family residential lots under construction on approximately 44 acres expected to be completed in the fourth quarter of 2025.

Homebuilding

Coventry Homes, David Weekley Homes, Newmark Homes, Toll Brothers, and Tri Pointe Homes are building homes in Dunham Pointe which range in sales price from approximately \$450,000 to \$1,300,000.

Future Development

There are approximately 145 developable acres remaining to be developed and approximately 265 acres in the District are not developable, including public rights-of-way, pipeline easements, utility sites, detention, drill sites, recreational sites and open space.

The Engineer has stated that under current development plans, the remaining principal amount of authorized but unissued bonds for water, sewer and drainage facilities and refunding of same (\$270,550,000), road facilities and refunding of same (\$164,000,000), and parks and recreational facilities and refunding of same (\$43,350,000) should be sufficient to finance the construction of facilities to complete the District's road, water, sewer and drainage and parks and recreational system for full development of the District. See "THE SYSTEM" and "RISK FACTORS—Future Debt."

THE DEVELOPER AND MAJOR LANDOWNER

Role of a Developer

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

Neither the Developer nor any of its affiliates, are obligated to pay principal of or interest on the Bonds. Furthermore, the Developer has a binding commitment to the District to carry out any plan of development and may sell or otherwise dispose of its property within the District, or any other assets, at any time, and the furnishing of information relating to Developer should not be interpreted as such a commitment. Prospective Bond purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District. See "RISK FACTORS."

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

Dunham Pointe LLC and Mason Westgreen L.P.

The developer of approximately 356 acres of land in the District (including approximately 44 acres currently under construction) is Dunham Pointe Development LLC (the "Developer"), a Texas limited liability company, which is 100% owned by Archie Dunham and the estate of Linda Dunham. The Developer was formed for the sole purpose of developing the District and the adjacent improvement district, Harris County Improvement District No. 13 ("HCID No. 13"). Mason Westgreen, L.P., a Texas limited partnership and real estate investor, the general partner of which is Mason Westgreen GP LLC ("Mason Westgreen"), a Texas limited liability company, which is 100% owned by Archie Dunham and estate of Linda Dunham, sells land within the District to the Developer and other third-party entity developers. As of the date hereof, the Developer has purchased all remaining acreage from Mason Westgreen and Mason Westgreen does not own any additional acreage in the District. The Developer and Mason Westgreen are related entities. Neither the Developer nor Mason Westgreen has any third-party debt related to the development of the District. Bridgewater Realty Advisors is acting as a consultant on the development.

The Developer's assets consist primarily of the land in the District and the receivables due from the District for development costs. The Developer is not responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District, and the description of the Developer's financial arrangements herein should not be construed as an implication to that effect. The Developer has no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the Developer's financial condition is subject to change at any time.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, who own land within the District, which has control over and management supervision of all affairs of the District. Directors serve staggered four-year terms, and are appointed by the TCEQ from nominations made by the Board. The current directors 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>
John Herzog	President	June 2029
Emily Lashbrook	Vice President	June 2029
Carol L. Mather	Secretary	June 2027
Carla A. Dawson	Assistant Secretary	June 2027
Debbie Hooper	Assistant Vice President	June 2027

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 legal fees to be 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.

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

Auditor: The financial statements of the District as of November 30, 2024, and for the year then ended, included in this offering document, 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 November 30, 2024 financial statements.

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

Bookkeeper: The District contracts with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services for the District.

Utility System Operator: The District contracts with Inframark, LLC for maintenance and operation of the District's system (the "Operator").

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

Tax Assessor/Collector: The information contained in this 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 B&A Municipal 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.

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas as disclosure counsel. The fees paid to disclosure counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

THE SYSTEM

Regulation

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

Cost Sharing Agreement

On May 1, 2018, the District executed a Joint Facilities Agreement (the "Joint Facilities Agreement") with HCID No. 13. The term of the Joint Facilities Agreement is for forty (40) years. The Joint Facilities Agreement defines the two-party cost sharing terms and conditions for the financing, construction, operation, and use of the joint water supply and distribution facilities, joint sewage treatment and collection facilities, the shared stormwater and detention facilities, the shared road improvements and regional parks serving the District and HCID No. 13. On April 19, 2022, the District executed a Cost Sharing Agreement, which has subsequently been amended, (the "Cost Sharing Agreement") with HCID No. 13 to modify the Joint Facilities Agreement as further described below. All of the facilities are collectively referred to as the "Regional Facilities." Each District will finance, own and operate their respective internal water, sanitary sewer and storm water systems.

HCID No. 13 holds legal title to, and is responsible for operating the Regional Facilities, which are ultimately projected to serve 3,845 equivalent single-family connections ("ESFCs") for both the District and HCID No. 13. The District's initial projected pro rata share was forty-one percent (41%) and HCID No. 13's share was fifty-nine percent (59%), which has since been modified via the Cost Sharing Agreement to accurately reflect each district's current pro rata share. HCID No. 13 will construct the Regional Facilities through funds advanced by the Developer. Each district will share the costs associated with the maintenance and operation of the Regional Facilities, future expansions or capital costs based on their respective pro rata shares. The Cost Sharing Agreement modifies the Joint Facilities Agreement to clarify the districts' then-current pro rata shares of the Regional Facilities. As the District is currently developing in advance of HCID No. 13, the District's pro rata shares of several Regional Facilities temporarily exceeds those projected in the original Joint Facilities Agreement. For purpose of "THE SYSTEM," the Joint Facilities Agreement and the Cost Sharing Agreement are collectively referred to as the "Cost Sharing Agreement." As the development progresses within HCID No. 13 and the District, the Cost Sharing Agreement may be modified again to accurately reflect the parties' then-current pro rata shares in the Regional Facilities.

HCID No. 13 annually establishes a Regional Facilities Budget detailing the operational and maintenance expenses related to the Regional Facilities. Both HCID No. 13 and the District must annually approve such budget, and each shall take into account funding the then-current pro rata share of expenses.

Water, Sanitary Sewer and Drainage Facilities

Source of Water Supply: The District does not own or maintain a water plant or water well. Water supply is provided by water production facilities which are owned and operated by HCID No. 13. Pursuant to the Cost Sharing Agreement between the District and HCID No. 13, the water supply facilities include Water Well No. 1 which includes a 500 gallon per minute ("gpm") water well, Water Well No. 2 which includes a 1,000 gpm water well, a 25,000 gallon pressure tank, a 250,000 gallon ground storage tank, booster pump capacity of 2,500 gpm and a generator. According to the Engineer, the District's current water supply is sufficient to serve 1,250 equivalent single-family connections ("ESFCs"). Pursuant to the Cost Sharing Agreement, the District's current pro rata share of the water supply capacity is 98% or 1,225 ESFCs, of which it is currently serving 860 ESFCs. Although the District does not own any wells or water plant facilities, the District owns such capacity pursuant to the Cost Sharing Agreement. See "—Cost Sharing Agreement" above.

Subsidence and Conversion to Surface Water Supply: The District is 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 (“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 District is 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’s groundwater well is included within the Authority’s GRP.

The 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 District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and a rate per 1,000 gallons based on the amount of surface water, if any, received by the 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, 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 (“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 District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges which may be due the Authority for future years, but anticipates the need to continue passing such fees through to its customers in higher water and sewer rates. In the event the Authority fails to reduce groundwater withdrawal to the levels specified in the Regulatory Plan by the deadlines established by the Subsidence District, then the District and others within the Authority’s GRP group will be required to pay a disincentive fee on withdrawn groundwater. This fee is expected to be substantial and the District expects it would need to pass such fee through to its customers through higher water and sewer rates or utilize portions of its maintenance tax revenues. This fee would be in addition to the Authority’s fee.

Wastewater Treatment: The District does not own or maintain a wastewater plant. Pursuant to the Cost Sharing Agreement, wastewater treatment for the District is provided by a 300,000 gallon per day (“gpd”) interim wastewater treatment plant operated by HCID No. 13. Monthly lease payments of \$14,700 began on October 31, 2019 and will continue for a term of 60 months with an option to purchase pursuant to the Lease Agreements with Option to Purchase. According to the Engineer, the District’s current wastewater treatment facilities are sufficient to serve 1,000 ESFCs. Under the Cost Sharing Agreement, the District’s current pro rata share of the wastewater treatment capacity is based on the existing use of facilities between the District and HCID No. 13 (currently 98% or 980 ESFCs). See “—Cost Sharing Agreement” herein. The District is currently serving 860 ESFCs. The interim wastewater treatment plant is currently operating at approximately 65% capacity (average daily flow of 195,000 gpd out of 300,000 gpd) based on the actual sanitary sewer flows from existing connections. If needed, the District will submit a request to the TCEQ for wastewater treatment design flow re-rating based on the available historical sanitary sewer flow data to show there is sufficient capacity to serve all active connections.

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Internal water distribution, wastewater collection and storm drainage facilities have been constructed by the Developer on behalf of the District to serve 1,030 single-family residential lots. Water distribution, wastewater collection and storm drainage facilities are under construction to serve an additional 113 single-family residential lots. See “THE DISTRICT—Land Use.”

Storm Water Drainage Facilities and Flood Plain

The entire District is located in the Cypress Creek watershed and drains naturally by way of overland sheet flow to Cypress Creek (HCFCD Unit K100-00-00) and K159-00-00, a tributary of Cypress Creek. Internal stormwater collection lines have been constructed for drainage system improvements to serve the District's development. The District's storm drainage collection system will consist of curbs and gutters with inlets and reinforced concrete storm sewers. This system will serve the entire District's drainage area and will convey flows to a system of interconnected regional storm water detention basins owned and maintained by HCID No. 13 for the benefit of both districts.

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

According to the Engineer, approximately 102 acres in the southern portion of the District lie within the existing 100-year flood plain delineated on the FIRM Panel 48201C0405M (revised October 16, 2013). Approximately 16.5 acres of developable land have been filled with amenity/detention pond excavation out of the total approximately 119 acres. A total of approximately 102.5 undevelopable acres within the floodplain is composed of approximately 44 acres that will serve as detention improvements and approximately 59 acres of jurisdictional wetlands, which will not require removal from the floodplain. See "RISK FACTORS—Extreme Weather Events."

Pursuant to the Cost Sharing Agreement, HCID No. 13 funds, constructs, owns, and operates the Regional Facilities, including regional drainage and detention facilities benefiting both HCID No. 13 and the District. The District's current pro rata share of such Regional Facilities is defined in the amended Cost Sharing Agreement.

Atlas 14

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

THE ROAD SYSTEM

Several arterial/collector streets which lie within or near the boundaries of the District have been financed with a portion of the proceeds of the Outstanding Bonds. All roadways are designed and constructed in accordance with Harris County rules and regulations. Upon acceptance by the County of roadways or roadway facilities, the County is responsible for operation and maintenance thereof.

THE PARK SYSTEM

The District prepared and approved a Park Plan, as may be amended from time to time. The Park Plan outlines projects related to parks and recreational facilities within the District. The Developer has constructed certain park and recreational facilities within the District. Proceeds of the Series 2025B Park Bonds will be used to finance park and recreational facilities in Dunham Pointe and to reimburse the Developer for various park and recreational facility expenditures, including but not limited to the amenity portions of certain detention ponds, land acquisition, landscaping, hardscaping, and related appurtenances located within the District on District-owned property or within public rights-of-way. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2025B Park Bonds" for a detailed description of the use of Series 2025B Park Bond proceeds.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Taxable Assessed Valuation.....	\$457,780,362	(a)
Estimated Taxable Assessed Valuation as of July 15, 2025.....	\$513,538,926	(b)

Gross Direct Debt Outstanding (after the issuance of the Bonds).....	\$48,100,000	(c)
Estimated Overlapping Debt	25,489,135	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$73,589,135	

Ratios of Gross Direct Debt to:

2025 Taxable Assessed Valuation.....	10.51%
Estimated Taxable Assessed Valuation as of July 15, 2025.....	9.37%

Ratios of Gross Direct Debt and Estimated Overlapping Debt to:

2025 Taxable Assessed Valuation.....	16.08%
Estimated Taxable Assessed Valuation as of July 15, 2025.....	14.33%

- (a) The Appraisal District has certified \$428,543,676 of taxable value within the District as of January 1, 2025. An additional \$29,236,686 of taxable value remains uncertified and is subject to review, downward revision and adjustment prior to certification. See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on July 15, 2025. Increases in value that occur between January 1, 2025, and July 15, 2025, will be assessed for purposes of taxation on January 1, 2026. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds. See "—Outstanding Bonds" herein.
- (d) See "ESTIMATED OVERLAPPING DEBT."

Cash and Investment Balances (unaudited below)

Operating Funds Available as of October 21, 2025	\$625,205	
Water/Sewer/Drainage/Park Capital Projects Fund Balance as of October 21, 2025.....	\$298,441	(a)
Road Capital Projects Fund Balance as of October 21, 2025	\$ 41,374	

Funds Available for Debt Service:

Water/Sewer/Drainage/Park Debt Service Funds Available as of October 21, 2025	\$ 984,616	(b)
Capitalized Interest from Series 2025A Bond Proceeds (Six (6) Months).....	235,813	(b)(c)
Capitalized Interest from Series 2025B Park Bond Proceeds (Twelve (12) Months)	374,113	(b)(c)
Road Debt Service Funds Available as of October 21, 2025	346,084	(b)
Total Debt Service Funds Available	\$1,940,626	

- (a) The District will contribute \$260,000 of surplus Water/Sewer/Drainage/Park Capital Projects Funds toward the issuance of the Series 2025A Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2025A Bonds."
- (b) Neither Texas law nor the Bond Resolutions require that the District maintain any particular balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a portion of the District's ad valorem tax revenue will be allocated to Water, Sewer, Drainage and Park Bonds, including the Bonds, and a portion will be allocated to Road Bonds. The Water, Sewer, Drainage and Park Debt Service Fund is not pledged to Road Bonds, and the Road Debt Service Fund is not pledged to Water, Sewer, Drainage and Park Bonds, including the Bonds. See "THE BONDS—Funds."
- (c) The District will capitalize six (6) months of interest from the Series 2025A Bond proceeds and twelve (12) months of interest from the Series 2025B Park Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

District Investment Policy

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 three series of unlimited tax bonds for water, sewer and drainage facilities and one series of unlimited tax bonds for road facilities. The following table lists the original principal amount of such bonds by series and the principal amount of such bonds currently outstanding (the "Outstanding Bonds").

Series	Original Principal Amount	Outstanding Bonds (as of 9/1/2025)
2022	\$ 6,300,000	\$ 6,300,000
2023	7,500,000	7,500,000
2024 (a)	8,000,000	8,000,000
2024A	8,300,000	8,300,000
Total	\$ 30,100,000	\$ 30,100,000

(a) Unlimited tax road bonds.

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 Debt	As of	Overlapping Percent	Amount
Harris County.....	\$ 2,257,734,736	9/30/2025	0.07%	\$ 1,580,414
Harris County Flood Control District.....	937,165,000	9/30/2025	0.07%	656,016
Harris County Hospital District.....	867,820,000	9/30/2025	0.07%	607,474
Harris County Department of Education.....	28,960,000	9/30/2025	0.07%	20,272
Port of Houston.....	406,509,397	9/30/2025	0.07%	284,557
Lone Star College District.....	434,530,000	9/30/2025	0.09%	391,077
Cypress Fairbanks ISD.....	3,484,020,000	9/30/2025	0.63%	21,949,326
Total Estimated Overlapping Debt.....				\$ 25,489,135
The District's Total Direct Debt (a).....				48,100,000
Total Direct and Estimated Overlapping Debt.....				\$ 73,589,135
Total Direct and Estimated Overlapping Debt as a Percentage of:				
2025 Taxable Assessed Valuation of \$457,780,362.....				16.08%
Estimated Taxable Assessed Valuation as of July 15, 2025 of \$513,538,926.....				14.33%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

Set forth below is a summary of taxes levied for the 2025 tax year by all entities overlapping the District and the District's 2025 tax rate. 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.

<u>Overlapping Entity</u>	2025
	<u>Tax Rate per \$100 Assessed Valuation</u>
Harris County (a)	\$ 0.628868
Cypress Fairbanks Independent School District	1.066900
Lone Star College System	0.106000
Harris County ESD No. 9	0.038831
The District (b)	1.350000
Total	<u>\$ 3.190599</u>

- (a) Includes the Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education and the Port of Houston Authority.
- (b) See "TAX DATA—Historical Tax Rate Distribution."

DISTRICT OPERATIONS

General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the District's operations are not pledged to the payment of the Bonds or the Outstanding Bonds, but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any revenues will be available for the payment of debt service on the Bonds or the Outstanding Bonds.

General Fund Statement

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

		Fiscal Year Ended November 30			
	12/1/2024 to 9/30/2025 (a)	2024	2023	2022	2021
REVENUES:					
Property Taxes	\$ 2,365,701	\$ 1,164,339	\$ 453,846	\$ 80,713	\$ 65,286
Water Service	188,296	201,037	92,968	24,203	-
Sewer Service	245,085	179,636	44,628	984	-
Regional Water Fees	240,363	319,339	181,943	18,455	-
Penalty and Interest	8,811	8,038	7,435	1,973	-
Tap Connection and Inspection Fees	438,748	504,729	539,238	442,002	-
Investment Income	25,134	11,293	251	10	24
Miscellaneous Income	-	3,480	143	-	-
TOTAL REVENUES	\$ 3,512,138	\$ 2,391,891	\$ 1,320,452	\$ 568,340	\$ 65,310
EXPENDITURES:					
Purchased Services (b)	\$ 1,106,526	\$ 1,553,276	\$ 1,124,217	\$ 378,716	\$ -
Professional Fees	192,931	169,324	154,449	184,214	134,205
Contracted Services	113,643	97,436	81,325	40,549	25,941
Solid Waste	148,842	108,724	76,415	14,889	-
Utilities	5,669	7,027	6,634	-	-
Repairs and Maintenance	384,371	429,993	531,575	297,603	14,953
Other Expenditures	101,636	60,666	49,068	54,430	28,427
Tap Connections	218,223	317,216	289,748	237,976	-
Debt Issuance Costs	-	-	-	59,611	-
TOTAL EXPENDITURES	\$ 2,271,840	\$ 2,743,662	\$ 2,313,431	\$ 1,267,988	\$ 203,526
NET REVENUES	\$ 1,240,298	\$ (351,771)	\$ (992,979)	\$ (699,648)	\$ (138,216)
OTHER SOURCES OF FUNDS					
Developer Advances	\$ 150,000	\$ 380,000	\$ 1,098,500	\$ 398,000	\$ 161,000
Interfund Transfer In (Out)	-	-	72,610	-	-
FUND BALANCE, BEGINNING OF PERIOD	\$ (84,869)	\$ (113,098)	\$ (291,229)	\$ 10,419	\$ (12,365)
FUND BALANCE, END OF PERIOD	\$ 1,305,429	\$ (84,869)	\$ (113,098)	\$ (291,229)	\$ 10,419

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

(b) The District purchases water and sewer services from joint facilities owned and operated by HCID No. 13. See "THE SYSTEM—Cost Sharing Agreement."

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service on the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that six (6) months of interest will be capitalized from Series 2025A Bond proceeds to pay debt service on the Series 2025A Bonds and that twelve (12) months of interest will be capitalized from Series 2025B Park Bond proceeds to pay debt service on the Series 2025B Park Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding	Plus:		Plus:		Total
	Bonds	The Series 2025A Bonds		The Series 2025B Park Bonds		Debt Service
	Debt Service Requirements	Principal	Interest	Principal	Interest	Requirements
2025	\$ 717,541 (a)	\$ -	\$ -	\$ -	\$ -	\$ 717,541
2026	1,875,281	-	410,052	-	325,270	2,610,603
2027	1,874,706	-	471,625	-	374,113	2,720,444
2028	2,153,181	-	471,625	-	374,113	2,998,919
2029	2,130,731	160,000	466,425	175,000	368,425	3,300,581
2030	2,106,381	170,000	455,700	185,000	356,725	3,273,806
2031	2,089,206	180,000	444,325	190,000	344,538	3,248,069
2032	2,070,806	190,000	432,300	205,000	331,700	3,229,806
2033	2,060,431	200,000	419,625	215,000	318,050	3,213,106
2034	2,076,106	210,000	406,300	225,000	303,750	3,221,156
2035	2,069,531	220,000	395,075	235,000	291,738	3,211,344
2036	2,065,825	230,000	386,075	250,000	282,038	3,213,938
2037	2,054,981	245,000	376,575	260,000	271,838	3,208,394
2038	2,046,975	255,000	366,575	275,000	261,138	3,204,688
2039	2,041,575	270,000	355,906	290,000	249,838	3,207,319
2040	2,033,656	285,000	344,281	305,000	237,747	3,205,684
2041	2,032,978	300,000	331,663	320,000	224,656	3,209,297
2042	2,024,594	315,000	318,209	340,000	210,631	3,208,434
2043	2,023,125	330,000	303,894	355,000	195,641	3,207,659
2044	2,013,463	350,000	288,594	375,000	179,438	3,206,494
2045	2,005,813	370,000	272,394	395,000	162,113	3,205,319
2046	2,005,825	385,000	255,406	415,000	143,888	3,205,119
2047	2,008,225	405,000	237,378	435,000	124,763	3,210,366
2048	2,016,750	430,000	218,069	460,000	104,625	3,229,444
2049	1,886,600	500,000	196,563	485,000	83,363	3,151,525
2050	1,356,600	1,000,000	161,875	510,000	60,975	3,089,450
2051	-	1,000,000	115,625	535,000	37,463	1,688,088
2052	-	1,000,000	69,375	565,000	12,713	1,647,088
2053	-	1,000,000	23,125	-	-	1,023,125
Total	\$ 50,840,888	\$ 10,000,000	\$ 8,994,633	\$ 8,000,000	\$ 6,231,283	\$ 84,066,803

(a) Excludes the District's May 1, 2025 debt service payment of \$698,673.

Average Annual Debt Service Requirements (2026-2053)	\$2,976,759
Maximum Annual Debt Service Requirement (2029)	\$3,300,581

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolutions to levy and assess, for each year that all or any part of the Bonds and the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Bonds. For the 2025 tax year, the District levied a tax for debt service in the amount of \$0.62 per \$100 of assessed valuation. See “TAXING PROCEDURES” and “RISK FACTORS—Maximum Impact on District Tax Rate.”

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 improvements, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted on November 8, 2016 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 maintenance and operation of water, sewer, drainage, and recreational and \$0.25 for maintenance and operation of road facilities. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. For the 2025 tax year, the District levied a tax for maintenance and operations in the amount of \$0.73 per \$100 of assessed valuation. See “—Debt Service Tax” above.

Historical Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	\$ 0.62	\$ 0.50	\$ 0.56	\$ -	\$ -
Maintenance and Operations	0.73	0.85	0.79	1.35	1.35
Total	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35

Additional Penalties

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

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of September 30, 2025 (a)	
				Amount	Percent
2020	\$ 4,378,543	\$ 1.35	\$ 59,110	\$ 59,110	100.00%
2021	7,151,370	1.35	96,543	96,543	100.00%
2022	28,864,345	1.35	389,669	389,669	100.00%
2023	143,666,704	1.35	1,939,501	1,937,884	99.92%
2024	293,434,132	1.35	3,961,361	3,954,074	99.82%
2025	457,780,362	1.35	6,180,035	(b)	(b)

(a) Unaudited.

(b) In process of collection. Taxes for 2025 are due by January 31, 2026.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2021 through 2025 Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Accurate breakdowns related to the uncertified portion of the 2025 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of July 15, 2025 of \$513,538,926, are not available as of the date hereof.

	2025	2024	2023	2022	2021
Land	\$ 105,433,844	\$ 94,614,085	\$ 76,084,290	\$ 37,173,376	\$ 13,820,156
Improvements	348,180,167	216,385,285	77,673,379	-	-
Personal Property	1,989,878	1,263,790	364,217	62,679	-
Less: Exemptions	(27,060,213)	(18,829,028)	(10,455,182)	(8,371,710)	(6,668,786)
Uncertified Value	29,236,686	-	-	-	-
Total Assessed Valuation	<u>\$ 457,780,362</u>	<u>\$ 293,434,132</u>	<u>\$ 143,666,704</u>	<u>\$ 28,864,345</u>	<u>\$ 7,151,370</u>

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable appraised value of such property, and the percentage of the certified portion (\$428,543,676) of the 2025 Taxable Assessed Valuation of \$457,780,362 attributable to such property as of January 1, 2025. Accurate principal taxpayer lists related to the uncertified portion (\$29,236,686) of the 2025 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of July 15, 2025 of \$513,538,926, are not available as of the date hereof.

Taxpayer	Type of Property	2025 Certified Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
Dunham Pointe Development LLC (a)	Land & Improvements	\$ 6,237,069	1.46%
Toll Southwest LLC (b)	Land, Improvements & Personal Property	4,815,210	1.12%
Newmark Homes Houston LLC (b)	Land & Improvements	4,466,102	1.04%
Tri Pointe Homes Texas Inc. (b)	Land & Improvements	4,285,516	1.00%
McGuyer Land Holdings LLC	Land & Improvements	2,537,794	0.59%
DFH Coventry LLC (b)	Land & Improvements	2,446,251	0.57%
Weekley Homes LLC (b)	Land & Improvements	1,896,640	0.44%
660 DFH II LLC (b)	Land & Improvements	1,354,269	0.32%
Individual	Land & Improvements	1,330,633	0.31%
Individual	Land & Improvements	1,248,691	0.29%
Total		\$ 30,618,175	7.14%

(a) See "THE DEVELOPER."

(b) See "THE DISTRICT—Homebuilding."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of appraised valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2025 Taxable Assessed Valuation of \$457,780,362 (\$428,543,676 of certified value and \$29,236,686 of uncertified value) or the Estimated Taxable Assessed Valuation as of July 15, 2025 of \$513,538,926. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "DEBT SERVICE REQUIREMENTS."

Average Annual Debt Service Requirement (2026-2053)	\$2,976,759
\$0.69 Tax Rate on the 2025 Taxable Assessed Valuation	\$3,000,750
\$0.62 Tax Rate on the Estimated Taxable Assessed Valuation as of July 15, 2025	\$3,024,744
Maximum Annual Debt Service Requirement (2029).....	\$3,300,581
\$0.76 Tax Rate on the 2025 Taxable Assessed Valuation	\$3,305,174
\$0.68 Tax Rate on the Estimated Taxable Assessed Valuation as of July 15, 2025	\$3,317,461

No representations or suggestions are made that the uncertified portion of the 2025 Taxable Assessed Valuation will not be adjusted downward prior to certification by the Appraisal District or the Estimated Taxable Assessed Valuation as of July 15, 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. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approves it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of

100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who was 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 a total tax exemption on such surviving spouse's residence homestead. If the surviving spouse changes homesteads, but does not remarry, then the amount of the exemption as of the last year of the first qualifying residential homestead is applicable to the subsequent homesteads. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

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

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for fewer than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property 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 is limited to 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 or the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the District, and the City may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the

agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

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

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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 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 rate increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

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

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT." 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 cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS."

RISK FACTORS

General

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

Undeveloped Acreage and Vacant Lots

There are approximately 145 developable acres of land within the District that have not been provided with water, sanitary sewer, storm sewer, road, park and other facilities necessary for the construction of taxable improvements and 169 single-family residential lots that remain vacant as of October 21, 2025. There are an additional 113 single-family residential lots under construction on approximately 44 acres expected to be completed in the fourth quarter of 2025. Failure of the Developer to develop the developable land or of homebuilders to construct taxable improvements on the vacant lots could restrict the rate of growth of taxable value in the District. Future increases in value will result primarily from the construction of lots and of homes by builders. The District makes no representation as to when or if development of the undeveloped acreage will occur or that the lot sales and building program will be successful. See "THE DISTRICT—Land Use" and "—Status of Development."

Landowner Obligation to the District

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

Increase in Costs of Building Materials

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

Economic Factors and Interest Rates

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

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and 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 the Developer or a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles from the central downtown business district of the City, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and decline in the nation's real estate and financial markets could affect development and home-building plans in the District and restrain the growth of or reduce the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is approximately 25 miles northwest from the central downtown business district of the City, could be affected by competition from other residential developments including other residential developments located in the western portion of the Houston metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developer in the sale of developed lots and of builders in the construction and sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2025 Taxable Assessed Valuation is \$457,780,362 (\$428,543,676 of certified value and \$29,236,686 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement on the Bonds will be \$3,300,581 (2029) and the average annual debt service requirement on the Bonds will be \$2,976,759 (2026-2053, inclusive). Assuming no increase or decrease from the 2025 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.76 and \$0.69 per \$100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of July 15, 2025 is \$513,538,926. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of July 15, 2025, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.68 and \$0.62 per \$100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. See "DEBT SERVICE REQUIREMENTS."

Although calculations have been made regarding the tax rate necessary to pay the maximum and average annual debt service on the Bonds and the Outstanding Bonds based upon the 2025 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of July 15, 2025, the District can make no representations regarding the future level of assessed valuation within the District. See “TAX DATA—Tax Adequacy for Debt Service” and “TAXING PROCEDURES.”

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 \$302,650,000 principal amount of unlimited tax bonds for purchasing and constructing water, sewer and drainage facilities and refunding of such bonds, \$172,000,000 principal amount of unlimited tax bonds for purchasing and constructing road facilities and refunding of such bonds, \$51,350,000 principal amount of unlimited tax bonds for purchasing and constructing parks and recreational facilities and refunding of such bonds, and \$25,000,000 principal amount of unlimited tax bonds for economic development and refunding of such bonds has been authorized by voters in the District. After issuance of the Bonds, \$270,550,000 principal amount of unlimited tax bonds will remain authorized but unissued for purchasing and constructing water, sewer and drainage facilities and refunding of such bonds, \$164,000,000 principal amount of unlimited tax bonds will remain authorized but unissued for purchasing and constructing road facilities and refunding of such bonds, \$43,350,000 principal amount of unlimited tax bonds will remain authorized but unissued for purchasing and constructing park and recreational facilities and refunding of such bonds, and all of the authorized bonds for economic development and refunding of such bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional bonds or obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. After reimbursement from proceeds of the Bonds, the Developer will have expended for approximately \$25,700,000 for design, construction, engineering and acquisition of water, sewer and drainage facilities, approximately \$18,500,000 for design, construction, engineering and acquisition of road facilities and approximately \$3,500,000 for design, construction, engineering and acquisition of parks and recreational facilities for which they have not been reimbursed. See “THE BONDS—Issuance of Additional Debt.”

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 (except for road facilities, parks and recreation facilities, refunding bonds and economic development bonds) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See “THE BONDS—Issuance of Additional Debt.”

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

Potential Effects of Oil Price Volatility 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 and gas industry could have on property values in 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.

Specific Flood Type Risks

Ponding (or Pluvial) Flood: occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can 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.

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

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do 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 Resolutions 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 United States Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the United States Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Environmental Regulation

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

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

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

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

Marketability of the Bonds

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

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolutions 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 Series 2025A Bonds Underwriter (as defined herein) has entered into an agreement with Build America Mutual Assurance Company (“BAM” or the “Series 2025A Insurer”) for the purchase of a municipal bond insurance policy (the “Series 2025A Policy”). At the time of entering into the agreement, the Series 2025A Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS” and “APPENDIX B—BAM Specimen Municipal Bond Insurance Policy.”

The Series 2025B Park Bonds Underwriter (as defined herein) has entered into an agreement with Assured Guaranty Inc. (“AG” or the “Series 2025B Park Insurer”) for the purchase of a municipal bond insurance policy (the “Series 2025B Park Policy”). At the time of entering into the agreement, the Series 2025B Park Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS” and “APPENDIX C—AG Specimen Municipal Bond Insurance Policy.”

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Series 2025A Insurer and the Series 2025B Park Insurer (collectively, the “Insurers”) and their claim paying ability. The Insurers’ 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 Insurers and of the ratings on the Bonds insured by the Insurers 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,” “MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS” and “MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS.”

The obligations of the Insurers are contractual obligations and in an event of default by the Insurers, 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 (as defined herein) have made independent investigation into the claims paying ability of the Insurers and no assurance or representation regarding the financial strength or projected financial strength of the Insurers 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 Insurers, particularly over the life of the investment. See “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS” and “MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS.” for further information provided by the Insurers and the Series 2025A Policy and the Series 2025B Park Policy, respectively, which include further instructions for obtaining current financial information concerning the Insurers.

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, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal 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 Official Statement under “THE BONDS,” “THE DISTRICT—General,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Underwriters 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 nonencumbrance 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 Resolutions that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Bond Resolutions 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 Resolutions 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 Resolutions 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.

Not Qualified Tax-Exempt Obligations

The Bonds are not designated as "qualified tax-exempt obligations" for financial institutions.

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 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 “—Additional Federal Income Tax Considerations—*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 Underwriters have purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

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

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

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”), has assigned a municipal bond rating of “AA” (stable outlook) with the understanding that, upon issuance and delivery of the Series 2025A Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2025A Bonds will be issued by Build America Mutual Assurance Company (“BAM” or the “Series 2025A Insurer”). S&P is expected to assign a municipal bond insured rating of “AA” (stable outlook) to the Series 2025B Park Bonds with the understanding that, upon issuance and delivery of the Series 2025B Park Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2025B Park Bonds will be issued by Assured Guaranty Inc. (“AG” or the “Series 2025B Park Insurer”). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS,” “MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS,” “APPENDIX B—BAM Specimen Municipal Bond Insurance Policy” and “APPENDIX C—AG Specimen Municipal Bond Insurance Policy.”

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

MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS

Series 2025A Bond Insurance Policy

Concurrently with the issuance of the Series 2025A Bonds, Build America Mutual Assurance Company (“BAM” or the “Series 2025A Insurer”) will issue its municipal bond insurance policy for the Series 2025A Bonds (the “Series 2025A Policy”). The Series 2025A Policy guarantees the scheduled payment of principal of and interest on the Series 2025A Bonds when due as set forth in the form of the Series 2025A Policy included as APPENDIX B to this Official Statement.

The Series 2025A Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: <https://bambonds.com/>.

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

BAM’s financial strength is rated “AA/Stable” by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2025A Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2025A Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2025A Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Series 2025A Policy), and BAM does not guarantee the market price or liquidity of the Series 2025A Bonds, nor does it guarantee that the rating on the Series 2025A Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$517.2 million, \$273.6 million and \$243.6 million, respectively.

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

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

BAM makes no representation regarding the Series 2025A Bonds or the advisability of investing in the Series 2025A Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “MUNICIPAL BOND INSURANCE—SERIES 2025A BONDS.”

Additional Information Available from BAM

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

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

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2025A Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2025A Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2025A Bonds, whether at the initial offering or otherwise.

MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS

Series 2025B Park Bond Insurance Policy

Concurrently with the issuance of the Series 2025B Park Bonds, Assured Guaranty Inc. (“AG” or the “Series 2025B Park Insurer”) will issue its municipal bond insurance policy (the “Series 2025B Park Policy”) for the Series 2025B Park Bonds. The Series 2025B Park Policy guarantees the scheduled payment of principal of and interest on the Series 2025B Park Bonds when due as set forth in the form of the Series 2025B Park Policy included as APPENDIX C to this Official Statement.

The Series 2025B Park Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At September 30, 2025:

- The policyholders' surplus of AG was approximately \$3,268 million.
- The contingency reserve of AG was approximately \$1,481 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,431 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (filed by AGL with the SEC on August 8, 2025).
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025 (filed by AGL with the SEC on November 7, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Series 2025B Park Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS—Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Series 2025B Park Bonds or the advisability of investing in the Series 2025B Park Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “MUNICIPAL BOND INSURANCE—SERIES 2025B PARK BONDS.”

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction.

The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2025A Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the “Series 2025A Bond Underwriter”) bearing the interest rates shown on the inside cover page hereof, at a price of 97.0030% of the par value thereof, which resulted in a net effective interest rate of 4.762553%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

After requesting competitive bids for the Series 2025B Park Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Crews & Associates, Inc. (the “Series 2025B Park Bond Underwriter”) bearing the interest rates shown on the inside cover page hereof, at a price of 97.0010% of the par value thereof, which resulted in a net effective interest rate of 4.687051%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

The Series 2025A Bond Underwriter and the Series 2025B Park Bond Underwriter shall be referred to herein collectively as the “Underwriters.”

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 Underwriters 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 Underwriters 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 improvement district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, which are more generally bought, sold or traded in the secondary market.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the 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 under "—Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notices of Sale and the Official Bid Forms for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this Official Statement, the District has relied upon the following consultants. Each consultant has agreed or consented to the use of information provided by such firms.

Tax Assessor/Collector: The information contained in this 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 B&A Municipal 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 Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM" (as it relates to District facilities) 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 November 30, 2024, and for the year then ended, included in this offering document, 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 November 30, 2024 financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Fund as it appears in "DISTRICT OPERATIONS—General Fund Statement" has been provided by Municipal Accounts & Consulting, L.P. and is included herein in reliance upon the authority of such firm as experts in tracking and managing the various funds of municipal utility districts and improvement districts.

Updating the Official Statement

If subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to the Underwriters to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriters, unless the Underwriters 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 of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolutions, the District has made the following agreement for the benefit of the registered 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 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 the Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain financial information and operating data to the MSRB through EMMA. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED),” “DEBT SERVICE REQUIREMENTS,” “TAX DATA,” and in “APPENDIX A” (Independent Auditor’s Report and Financial Statements of the District). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2025. Any financial statements so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable period to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Specified Event Notices

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

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

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects 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 holders of a majority in aggregate principal amount of the Outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolutions 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 Underwriters from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described under “—Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

The District issued its initial series of bonds in 2022, and since that time has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Harris County Improvement District No. 14, as of the date shown on the cover page.

/s/ John Herzog
President, Board of Directors
Harris County Improvement District No. 14

ATTEST:

/s/ Carol L. Mather
Secretary, Board of Directors
Harris County Improvement District No. 14

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



U.S. Hwy 290



HARRIS COUNTY
IMPROVEMENT DISTRICT No. 14

PHOTOGRAPHS OF THE DISTRICT
(Taken April 2025)














APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the Fiscal Year Ended November 30, 2024



Harris County Improvement District No. 14 Harris County, Texas

Independent Auditor's Report and Financial Statements

November 30, 2024



Harris County Improvement District No. 14
Contents
November 30, 2024

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet	8
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances	9
Notes to Financial Statements	10
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	22
Notes to Required Supplementary Information	23
Supplementary Information	
Other Schedules Included Within This Report	24
Schedule of Services and Rates	25
Schedule of General Fund Expenditures	26
Schedule of Temporary Investments	27
Analysis of Taxes Levied and Receivable	28
Schedule of Long-Term Debt Service Requirements by Years	30
Changes in Long-Term Bonded Debt	35
Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund	36
Board Members, Key Personnel and Consultants	38

Independent Auditor's Report

Board of Directors
Harris County Improvement District No. 14
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Improvement District No. 14 (the District), as of and for the year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of November 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 10, 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	\$ 5,417,708	\$ 2,788,899
Capital assets	30,195,510	27,541,701
Total assets	<u>\$ 35,613,218</u>	<u>\$ 30,330,600</u>
Long-term liabilities	\$ 60,631,268	\$ 48,228,931
Other liabilities	1,203,918	823,384
Total liabilities	<u>61,835,186</u>	<u>49,052,315</u>
Deferred inflows of resources	<u>3,903,117</u>	<u>1,999,321</u>

Summary of Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Net position:		
Net investment in capital assets	\$ (4,721,285)	\$ (2,391,431)
Restricted	425,239	7,970
Unrestricted	<u>(25,829,039)</u>	<u>(18,337,575)</u>
Total net position	<u><u>\$ (30,125,085)</u></u>	<u><u>\$ (20,721,036)</u></u>

The total net position of the District decreased by \$9,404,049, or about 45%. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance, as well as service operating expenses in excess of property taxes and service revenues. 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

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 1,995,483	\$ 455,141
Charges for services	700,012	319,539
Other revenues	<u>611,875</u>	<u>577,611</u>
Total revenues	<u>3,307,370</u>	<u>1,352,291</u>
Expenses:		
Services	2,795,858	2,339,012
Conveyance of capital assets	7,504,159	8,768,549
Depreciation	469,436	382,121
Debt service	<u>1,941,966</u>	<u>1,246,292</u>
Total expenses	<u>12,711,419</u>	<u>12,735,974</u>
Change in net position	(9,404,049)	(11,383,683)
Net position, beginning of year	<u>(20,721,036)</u>	<u>(9,337,353)</u>
Net position, end of year	<u><u>\$ (30,125,085)</u></u>	<u><u>\$ (20,721,036)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended November 30, 2024, were \$875,781, an increase of \$394,686 from the prior year.

The general fund's fund balance increased by \$28,229, due to tap connection and inspection fees revenues exceeding the related tap connections expenditures, while service operating expenditures exceeded property tax and service revenues and developer advances.

The debt service fund's fund balance increased by \$252,323 because property tax revenues, investment income and proceeds received from the sale of the Series 2024 road bonds exceeded contracted services expenditures and bond interest payments.

The capital projects fund's fund balance increased by \$114,134, primarily due to net proceeds from the sales of bonds exceeding capital outlay expenditures, repayment of developer advances and debt issuance costs.

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 regional water fee revenues and purchased services and professional fees expenditures being less than anticipated and sewer service revenues, tap connection and inspection fees revenues and the related tap connections expenditures being greater than anticipated. The fund balance as of November 30, 2024, was expected to be \$(113,098) and the actual end-of-year fund balance was \$(84,869).

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 as follows:

Capital Assets (Net of Accumulated Depreciation)

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 14,885,825	\$ 14,147,920
Water facilities	8,198,469	6,940,612
Wastewater facilities	<u>7,111,216</u>	<u>6,453,169</u>
Total capital assets	<u>\$ 30,195,510</u>	<u>\$ 27,541,701</u>

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

Land improvements at Detention Pond AB and detention outfall Phase 1	\$ 737,905
Water and sewer improvements at Dunham Pointe, Section 11	336,214
Wastewater treatment plant No. 1	653,045
Water plant No. 1	1,014,277
Non-potable water well No. 1	<u>381,804</u>
Total additions to capital assets	<u>\$ 3,123,245</u>

The developer within the District has constructed water, sewer, drainage, park and recreational, and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developer for these facilities from the proceeds of future bond issues subject to the approval of the Commission, if required. As of November 30, 2024, a liability for developer-constructed capital assets of \$29,897,800 was recorded in the government-wide financial statements.

Since inception, the developer has advanced \$1,505,744 to the District for operations, net of repayments. These advances have been recorded as long-term liabilities in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended November 30, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 48,228,931
Increases in long-term debt	19,689,480
Decreases in long-term debt	<u>(7,287,143)</u>
Long-term debt payable, end of year	<u>\$ 60,631,268</u>

At November 30, 2024, the District had \$280,550,000 of bonds authorized for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District, and for refunding such bonds, \$51,350,000 of bonds authorized, but unissued, for the purposes of acquiring, constructing and improving parks and recreational facilities within the District, and for refunding such bonds, \$164,000,000 of bonds authorized, but unissued, for the purposes of acquiring, constructing and improving road and paving facilities within the District, and for refunding such bonds, and \$25,000,000 of bonds authorized, but unissued for the purposes of funding economic development programs within the District, and for refunding such bonds.

The District's bonds do not carry an underlying rating. The Series 2023, Road Series 2024 and Series 2024A bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty, Inc.

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 dissolved by the City without the District's consent subject to certain restrictions. If the District is dissolved, the City must assume the District's assets and obligations (including the bonded indebtedness).

Contingencies

The developer of the District is constructing water, sewer, drainage, road and recreational facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately \$17,790,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Harris County Improvement District No. 14
Statement of Net Position and Governmental Funds Balance Sheet
November 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 91,671	\$ 277,356	\$ 265	\$ 369,292	\$ -	\$ 369,292
Short-term investments	5,328	639,751	353,221	998,300	-	998,300
Receivables:						
Property taxes	2,313,850	1,360,585	-	3,674,435	-	3,674,435
Service accounts	70,243	-	-	70,243	-	70,243
Interfund receivable	206,805	-	-	206,805	(206,805)	-
Operating reserve	272,054	-	-	272,054	-	272,054
Due from others	11,604	-	-	11,604	-	11,604
Prepaid expenditures	21,780	-	-	21,780	-	21,780
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	14,885,825	14,885,825
Infrastructure	-	-	-	-	15,309,685	15,309,685
Total assets	<u>\$ 2,993,335</u>	<u>\$ 2,277,692</u>	<u>\$ 353,486</u>	<u>\$ 5,624,513</u>	<u>\$ 29,988,705</u>	<u>\$ 35,613,218</u>
Liabilities						
Accounts payable	\$ 610,396	\$ 10	\$ 16,594	\$ 627,000	\$ -	\$ 627,000
Accrued interest payable	-	-	-	-	99,668	99,668
Customer deposits	6,850	-	-	6,850	-	6,850
Due to other district	-	-	-	-	470,400	470,400
Interfund payable	-	206,805	-	206,805	(206,805)	-
Long-term liabilities, due after one year	-	-	-	-	60,631,268	60,631,268
Total liabilities	<u>617,246</u>	<u>206,815</u>	<u>16,594</u>	<u>840,655</u>	<u>60,994,531</u>	<u>61,835,186</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>2,460,958</u>	<u>1,447,119</u>	<u>-</u>	<u>3,908,077</u>	<u>(4,960)</u>	<u>3,903,117</u>
Fund Balances (Deficit)/Net Position						
Fund balances (deficit):						
Nonspendable, prepaid expenditures	21,780	-	-	21,780	(21,780)	-
Restricted:						
Unlimited tax bonds	-	480,212	-	480,212	(480,212)	-
Unlimited tax road bonds	-	143,546	-	143,546	(143,546)	-
Water, sewer and drainage	-	-	296,884	296,884	(296,884)	-
Roads	-	-	40,008	40,008	(40,008)	-
Assigned, operating reserve	272,054	-	-	272,054	(272,054)	-
Unassigned	(378,703)	-	-	(378,703)	378,703	-
Total fund balances (deficit)	<u>(84,869)</u>	<u>623,758</u>	<u>336,892</u>	<u>875,781</u>	<u>(875,781)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,993,335</u>	<u>\$ 2,277,692</u>	<u>\$ 353,486</u>	<u>\$ 5,624,513</u>		
Net position:						
Net investment in capital assets					(4,721,285)	(4,721,285)
Restricted for debt service					393,952	393,952
Restricted for capital projects					31,287	31,287
Unrestricted					(25,829,039)	(25,829,039)
Total net position					<u>\$ (30,125,085)</u>	<u>\$ (30,125,085)</u>

Harris County Improvement District No. 14
Statement of Activities and Governmental Funds Revenues, Expenditures
and Changes in Fund Balances
Year Ended November 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,164,339	\$ 827,479	\$ -	\$ 1,991,818	\$ 3,665	\$ 1,995,483
Water service	201,037	-	-	201,037	-	201,037
Sewer service	179,636	-	-	179,636	-	179,636
Regional water fees	319,339	-	-	319,339	-	319,339
Penalty and interest	8,038	12,454	-	20,492	-	20,492
Tap connection and inspection fees	504,729	-	-	504,729	-	504,729
Investment income	11,293	48,374	23,367	83,034	-	83,034
Other income	3,480	140	-	3,620	-	3,620
Total revenues	2,391,891	888,447	23,367	3,303,705	3,665	3,307,370
Expenditures/Expenses						
Service operations:						
Purchased services	1,553,276	-	-	1,553,276	-	1,553,276
Professional fees	169,324	3,271	-	172,595	9,967	182,562
Contracted services	97,436	29,486	-	126,922	462	127,384
Solid waste	108,724	-	-	108,724	-	108,724
Utilities	7,027	-	-	7,027	-	7,027
Repairs and maintenance	429,993	-	-	429,993	-	429,993
Other expenditures	60,666	8,960	50	69,676	-	69,676
Tap connections	317,216	-	-	317,216	-	317,216
Capital outlay	-	-	14,121,091	14,121,091	(14,121,091)	-
Conveyance of capital assets	-	-	-	-	7,504,159	7,504,159
Depreciation	-	-	-	-	469,436	469,436
Debt service:						
Interest and fees	-	932,957	-	932,957	98,282	1,031,239
Debt issuance costs	-	-	910,727	910,727	-	910,727
Total expenditures/expenses	2,743,662	974,674	15,031,868	18,750,204	(6,038,785)	12,711,419
Deficiency of Revenues Over Expenditures	<u>(351,771)</u>	<u>(86,227)</u>	<u>(15,008,501)</u>	<u>(15,446,499)</u>	<u>6,042,450</u>	
Other Financing Sources (Uses)						
Repayment of developer advances	-	-	(362,321)	(362,321)	362,321	
Developer advances received	380,000	-	-	380,000	(380,000)	
General obligation bonds issued	-	338,550	15,961,450	16,300,000	(16,300,000)	
Discount on debt issued	-	-	(476,494)	(476,494)	476,494	
Total other financing sources	380,000	338,550	15,122,635	15,841,185	(15,841,185)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	28,229	252,323	114,134	394,686	(394,686)	
Change in Net Position					(9,404,049)	(9,404,049)
Fund Balances (Deficit)/Net Position						
Beginning of year	(113,098)	371,435	222,758	481,095	-	(20,721,036)
End of year	<u>\$ (84,869)</u>	<u>\$ 623,758</u>	<u>\$ 336,892</u>	<u>\$ 875,781</u>	<u>\$ -</u>	<u>\$ (30,125,085)</u>

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

Harris County Improvement District No. 14 (the District) was created by Senate Bill No. 2472 (the Bill) of the 81st Legislature of the State of Texas, effective May 27, 2009, in accordance with the provisions of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution. The District operates in accordance with Chapter 3882 of the Texas Special District Local Laws Code, Chapter 375 of the Texas Local Government Code and Chapter 49 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the Commission). The principal functions of the District are to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts and entertainment, economic development, safety, and the public welfare in the area of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are appointed by the Commission. 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 funds. 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 funds:

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.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

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 balances 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

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

reported in the governmental fund 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.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the liability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

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.

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

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 November 30, 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 November 30, 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.

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

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. Bond premiums and discounts 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 bond premiums and discounts 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 Balances

Fund balances 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.

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

The components of unrestricted net position at November 30, 2024, are as follows:

General fund, unrestricted fund balance, including amounts due to others and deferred property taxes	\$ (551,829)
Conveyed capital assets	(23,771,466)
Long-term debt, operating advances	<u>(1,505,744)</u>
Total	<u>\$ (25,829,039)</u>

Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.	\$ 30,195,510
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	4,960
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the fund financial statements.	(99,668)
Amounts due to other district are not due and payable in the current period and are not reported in the fund financial statements.	(470,400)
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	<u>(60,631,268)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (31,000,866)</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and change in fund balances because of the items on the following page.

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

Change in fund balances.	\$ 394,686
--------------------------	------------

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 capital outlay expenditures exceeded conveyance of capital assets, depreciation expense and noncapitalized costs in the current period.

6,137,067

Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.

(17,679)

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

476,494

Governmental funds report proceeds from sales of bonds because they provide current financial resources to governmental funds. These transactions, however, do not have any effect on net position.

(16,300,000)

Revenues that do not provide current financial resources are not reported as revenues in the funds, but are reported as revenues in the statement of activities.

3,665

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(98,282)

Change in net position of governmental activities.

\$ (9,404,049)

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.

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

At November 30, 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," certificates of deposit of financial institutions domiciled in Texas, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

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

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The District's investments in Texas CLASS are reported at net asset value.

At November 30, 2024, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 998,300	\$ 998,300	\$ -	\$ -	\$ -

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 November 30, 2024, the District's investments in Texas CLASS were rated "AAAm" by Standard & 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 November 30, 2024, as follows.

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

Carrying value:		
Deposits	\$	369,292
Investments		<u>998,300</u>
Total	\$	<u><u>1,367,592</u></u>

Investment Income

Investment income of \$83,034 for the year ended November 30, 2024, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements at November 30, 2024:

- Pooled investments of \$998,300 are valued at fair value per share of the pool's underlying portfolio.

Note 3. Capital Assets

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

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable:			
Land and improvements	<u>\$ 14,147,920</u>	<u>\$ 737,905</u>	<u>\$ 14,885,825</u>
Capital assets, depreciable:			
Water production and distribution facilities	7,176,711	1,533,707	8,710,418
Wastewater collection and treatment facilities	<u>6,653,819</u>	<u>851,633</u>	<u>7,505,452</u>
Total capital assets, depreciable	<u>13,830,530</u>	<u>2,385,340</u>	<u>16,215,870</u>
Less accumulated depreciation:			
Water production and distribution facilities	(236,099)	(275,850)	(511,949)
Wastewater collection and treatment facilities	<u>(200,650)</u>	<u>(193,586)</u>	<u>(394,236)</u>
Total accumulated depreciation	<u>(436,749)</u>	<u>(469,436)</u>	<u>(906,185)</u>
Total governmental activities, net	<u><u>\$ 27,541,701</u></u>	<u><u>\$ 2,653,809</u></u>	<u><u>\$ 30,195,510</u></u>

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended November 30, 2024, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 13,800,000	\$ 16,300,000	\$ -	\$ 30,100,000	\$ -
Less discounts on bonds	405,611	476,494	9,829	872,276	-
	13,394,389	15,823,506	(9,829)	29,227,724	-
Due to developer - construction	33,346,477	3,485,974	6,934,651	29,897,800	-
Due to developer - advances	1,488,065	380,000	362,321	1,505,744	-
Total governmental activities long-term liabilities	<u>\$ 48,228,931</u>	<u>\$ 19,689,480</u>	<u>\$ 7,287,143</u>	<u>\$ 60,631,268</u>	<u>\$ -</u>

General Obligation Bonds

	Series 2022	Series 2023
Amounts outstanding, November 30, 2024	\$6,300,000	\$7,500,000
Interest rates	5.00% to 6.00%	5.00% to 7.00%
Maturity dates, serially beginning/ending	May 1, 2026/2048	May 1, 2026/2049
Interest payment dates	May 1/November 1	May 1/November 1
Callable dates*	May 1, 2028	May 1, 2030
	Road Series 2024	Series 2024A
Amounts outstanding, November 30, 2024	\$8,000,000	\$8,300,000
Interest rates	4.00% to 6.50%	4.00% to 6.50%
Maturity dates, serially beginning/ending	May 1, 2026/2050	May 1, 2028/2050
Interest payment dates	May 1/November 1	May 1/November 1
Callable dates*	May 1, 2030	May 1, 2031

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at November 30, 2024.

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 1,416,213	\$ 1,416,213
2026	455,000	1,420,281	1,875,281
2027	485,000	1,389,706	1,874,706
2028	805,000	1,348,181	2,153,181
2029	835,000	1,295,731	2,130,731
2030-2034	4,685,000	5,717,930	10,402,930
2035-2039	5,765,000	4,513,887	10,278,887
2040-2044	7,070,000	3,057,818	10,127,818
2045-2049	8,670,000	1,253,213	9,923,213
2050	1,330,000	26,600	1,356,600
Total	<u>\$ 30,100,000</u>	<u>\$ 21,439,560</u>	<u>\$ 51,539,560</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount, and are further payable from and secured by a lien on and a pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

Water, sewer and drainage and refunding bonds voted	\$ 302,650,000
Water, sewer and drainage and refunding bonds sold	22,100,000
Parks and recreational facilities and refunding bonds voted	51,350,000
Road and paving facilities and refunding bonds voted	172,000,000
Road and paving facilities and refunding bonds sold	8,000,000
Economic development and refunding bonds voted	25,000,000

Due to Developer – Construction

The developer within the District has constructed water, sewer, drainage, park and recreational, and road facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission, if required, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$29,897,800. These amounts have been recorded in the financial statements as long-term liabilities.

Due to Developer – Advances

Since inception, the developer has advanced \$1,505,744 to the District for operations, net of repayments. These advances have been recorded as long-term liabilities in the government-wide financial statements.

Note 5. Significant Bond Resolution and Commission Requirements

- (A) The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended November 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.3765 per \$100 of assessed valuation, which resulted in a tax levy of \$1,088,536 on the taxable valuation of \$289,119,822 for the 2024 tax year. The interest requirements to be paid from the tax revenues and available resources are \$1,077,663.

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

- (B) The Road Bond Resolution requires that the District levy and collect an ad valorem road debt service tax sufficient to pay interest and principal on bonds when due. During the year ended November 30, 2024, the District levied an ad valorem road debt service tax at the rate of \$0.1235 per \$100 of assessed valuation, which resulted in a tax levy of \$357,063 on the taxable valuation of \$289,119,822 for the 2024 tax year. The road bond interest requirements to be paid from the tax revenues and available resources are \$338,550.
- (C) In accordance with the Series 2022, Series 2023 and Road Series 2024 Bond Resolutions, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year		\$	381,373
Additions--Interest appropriated from bond proceeds, Road Series 2024			338,550
Deductions--Appropriation from bond interest paid:			
Series 2022	181,073		
Series 2023	200,300		
Road Series 2024	206,892		
			<u>588,265</u>
Bond interest reserve, end of year		\$	<u>131,658</u>

Note 6. Maintenance Taxes

At an election held November 8, 2016, 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 November 30, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.8500 per \$100 of assessed valuation, which resulted in a tax levy of \$2,457,518 on the taxable valuation of \$289,119,822 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 November 8, 2016, voters authorized a road 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 November 30, 2024, the District did not levy an ad valorem road maintenance tax for the 2024 tax year. The road maintenance tax will be used by the general fund, if levied in the future, to pay expenditures for the operation and maintenance of road and paving facilities within the District.

At an election held November 8, 2016, voters authorized an ad valorem economic development tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended November 30, 2024, the District did not levy an ad valorem economic development tax for the 2024 tax year. The economic development tax will be used by the general fund, if levied in the future, to pay expenditures for administration, operation and maintenance, and for funding programs to promote economic development within the District.

Note 7. Joint Facilities Agreement

On May 1, 2018, the District executed a Joint Facilities Agreement (the Agreement) with Harris County Improvement District No. 13 (District No. 13). The term of the agreement is for 40 years. The Agreement defines the two-party cost sharing terms and conditions for the financing, construction, operation and use of the joint

Harris County Improvement District No. 14
Notes to Financial Statements
November 30, 2024

water supply and distribution facilities, joint sewage treatment and collection facilities, the shared stormwater and detention facilities, the shared road improvements and regional parks serving the District and District No. 13. All of the facilities are collectively referred to as the Regional Facilities. Each District will finance, own and operate their respective internal water, sanitary sewer and storm water systems.

On April 19, 2022, the District executed a Cost Sharing Agreement for Regional Facilities with District No. 13, which further outlines each District's pro rata shares of certain Regional Facilities and for the payment of certain lease payments. This agreement was amended and restated effective April 16, 2024.

District No.13 will hold legal title to, and be responsible for operating, the Regional Facilities, which will ultimately serve 3,660 equivalent single-family connections. District No. 13 will construct the Regional Facilities through funds advanced by the Developer. Each District will share the costs associated with future expansions or capital costs based on their respective pro rata shares as defined in the Cost Sharing Agreement.

During the current year, the District recorded expenses of \$1,553,276 under the terms of the Agreement. In addition, the District has advanced \$272,054 to District No. 13 as its share of operating reserve.

Note 8. Contingencies

The developer of the District is constructing water, sewer, drainage, road and recreational facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately \$17,790,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 9. 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 10. Deficit Fund Balance

At November 30, 2024, the District's general fund had a deficit fund balance of \$(84,869). The District anticipates that growth within the District will generate revenues sufficient to pay costs of operating the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Required Supplementary Information

Harris County Improvement District No. 14
Budgetary Comparison Schedule – General Fund
Year Ended November 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,147,846	\$ 1,147,846	\$ 1,164,339	\$ 16,493
Water service	125,000	162,100	201,037	38,937
Sewer service	116,900	137,900	179,636	41,736
Regional water fees	300,000	520,000	319,339	(200,661)
Penalty and interest	6,800	6,800	8,038	1,238
Tap connection and inspection fees	425,000	425,000	504,729	79,729
Investment income	200	10,200	11,293	1,093
Other	-	-	3,480	3,480
Total revenues	2,121,746	2,409,846	2,391,891	(17,955)
Expenditures				
Service operations:				
Purchased services	1,097,400	1,632,291	1,553,276	79,015
Professional fees	202,500	207,400	169,324	38,076
Contracted services	80,300	90,500	97,436	(6,936)
Solid waste	115,000	115,000	108,724	6,276
Utilities	7,000	8,000	7,027	973
Repairs and maintenance	374,200	442,500	429,993	12,507
Other expenditures	45,100	65,655	60,666	4,989
Tap connections	235,400	235,400	317,216	(81,816)
Total expenditures	2,156,900	2,796,746	2,743,662	53,084
Deficiency of Revenues Over Expenditures	(35,154)	(386,900)	(351,771)	35,129
Other Financing Sources				
Developer advances received	35,154	386,900	380,000	(6,900)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	-	28,229	28,229
Fund Balance (Deficit), Beginning of Year	(113,098)	(113,098)	(113,098)	-
Fund Balance (Deficit), End of Year	\$ (113,098)	\$ (113,098)	\$ (84,869)	\$ 28,229

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 amended during fiscal 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 Improvement District No. 14
Other Schedules Included Within This Report
November 30, 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 10-21
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund
- [X] Board Members, Key Personnel and Consultants

Harris County Improvement District No. 14
Schedule of Services and Rates
Year Ended November 30, 2024

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input 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 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:	\$ 25.00	7,000	N	\$ 1.30	7,001 to	16,000
				\$ 1.55	16,001 to	22,000
				\$ 2.15	22,001 to	No Limit
Wastewater:	\$ 35.00	1,000	N	\$ 1.75	1,001 to	No Limit
Regional water fee:	\$ 4.35	0	N	\$ 4.35	1,001 to	No Limit

Does the District employ winter averaging for wastewater usage?

Yes ☒ No ☐

Total charges per 10,000 gallons usage (including fees): Water \$ 72.35 Wastewater \$ 50.75

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"	419	417	x1.0	417
1"	274	274	x2.5	685
1 1/2"	-	-	x5.0	-
2"	1	1	x8.0	8
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	694	692		1,110
Total wastewater	694	692	x1.0	692

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

Gallons pumped into the system:	79,123
Gallons billed to customers:	79,123
Water accountability ratio (gallons billed/gallons pumped):	100.00%

**"ESFC" means equivalent single-family connections

Harris County Improvement District No. 14
Schedule of General Fund Expenditures
Year Ended November 30, 2024

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	20,400	
Legal		69,152	
Engineering		79,772	
Financial advisor		-	169,324
Purchased Services for Resale			
Bulk water and wastewater service purchases			1,553,276
Regional Water Fee			-
Contracted Services			
Bookkeeping		72,967	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		24,469	97,436
Utilities			7,027
Repairs and Maintenance			429,993
Administrative Expenditures			
Directors' fees		11,492	
Office supplies		4,729	
Insurance		6,120	
Other administrative expenditures		38,325	60,666
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
Tap Connection Expenditures			317,216
Solid Waste Disposal			108,724
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total expenditures		\$	<u>2,743,662</u>

Harris County Improvement District No. 14
Schedule of Temporary Investments
November 30, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
Texas CLASS	4.82%	Demand	\$ 5,328	\$ -
Debt Service Fund				
Texas CLASS	4.82%	Demand	496,205	-
Texas CLASS	4.82%	Demand	143,546	-
			639,751	-
Capital Projects Fund				
Texas CLASS	4.82%	Demand	217,931	-
Texas CLASS	4.82%	Demand	40,008	-
Texas CLASS	4.82%	Demand	95,282	-
			353,221	-
Totals			\$ 998,300	\$ -

Harris County Improvement District No. 14
Analysis of Taxes Levied and Receivable
Year Ended November 30, 2024

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes
Receivable, Beginning of Year	\$ 1,136,108	\$ 804,424	\$ -
Additions and corrections to prior years' taxes	(3,490)	(349)	-
Adjusted receivable, beginning of year	1,132,618	804,075	-
2024 Original Tax Levy	2,240,445	992,386	325,524
Additions and corrections	217,073	96,150	31,539
Adjusted tax levy	2,457,518	1,088,536	357,063
Total to be accounted for	3,590,136	1,892,611	357,063
Tax collections: Current year	(147,108)	(65,160)	(21,374)
Prior year	(1,129,178)	(802,555)	-
Receivable, end of year	2,313,850	1,024,896	335,689
Receivable, by Years			
2023	\$ 2,310,410	\$ 1,023,376	\$ 335,689
2022	2,144	1,520	-
2021	1,296	-	-
Receivable, end of year	\$ 2,313,850	\$ 1,024,896	\$ 335,689

Harris County Improvement District No. 14
Analysis of Taxes Levied and Receivable
Year Ended November 30, 2024

(Continued)

	2024	2023	2022	2021
Property Valuations				
Land	\$ 90,920,535	\$ 79,553,677	\$ 40,243,507	\$ 13,537,283
Improvements	214,455,466	76,958,431	-	-
Personal property	1,248,963	249,814	62,679	-
Exemptions	(17,505,142)	(8,664,086)	(6,910,055)	(6,598,107)
Total property valuations	<u>\$ 289,119,822</u>	<u>\$ 148,097,836</u>	<u>\$ 33,396,131</u>	<u>\$ 6,939,176</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.3765	\$ 0.5600	\$ -	\$ -
Road debt service tax rates	0.1235	-	-	-
Maintenance tax rates*	<u>0.8500</u>	<u>0.7900</u>	<u>1.3500</u>	<u>1.3500</u>
Total tax rates per \$100 valuation	<u>\$ 1.3500</u>	<u>\$ 1.3500</u>	<u>\$ 1.3500</u>	<u>\$ 1.3500</u>
Tax Levy	<u>\$ 3,903,117</u>	<u>\$ 1,999,321</u>	<u>\$ 450,848</u>	<u>\$ 93,678</u>
Percent of Taxes Collected to Taxes Levied**	<u>6%</u>	<u>99%</u>	<u>99%</u>	<u>100%</u>

*Maximum tax rate approved by voters: \$1.50 on November 8, 2016

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

Harris County Improvement District No. 14
Schedule of Long-Term Debt Service Requirements by Years
November 30, 2024

Due During Fiscal Years Ending November 30	Series 2022		
	Principal Due May 1	Interest Due May 1, November 1	Total
2025	\$ -	\$ 338,431	\$ 338,431
2026	150,000	333,931	483,931
2027	160,000	324,631	484,631
2028	165,000	314,881	479,881
2029	175,000	304,681	479,681
2030	185,000	293,881	478,881
2031	195,000	282,481	477,481
2032	205,000	270,481	475,481
2033	215,000	258,956	473,956
2034	225,000	247,956	472,956
2035	235,000	236,456	471,456
2036	250,000	224,175	474,175
2037	260,000	211,106	471,106
2038	275,000	197,225	472,225
2039	285,000	182,525	467,525
2040	300,000	166,982	466,982
2041	315,000	150,454	465,454
2042	330,000	133,119	463,119
2043	350,000	114,625	464,625
2044	365,000	94,963	459,963
2045	385,000	74,338	459,338
2046	405,000	53,625	458,625
2047	425,000	32,875	457,875
2048	445,000	11,125	456,125
Totals	<u>\$ 6,300,000</u>	<u>\$ 4,853,903</u>	<u>\$ 11,153,903</u>

Harris County Improvement District No. 14
Schedule of Long-Term Debt Service Requirements by Years
November 30, 2024

(Continued)

Due During Fiscal Years Ending November 30	Series 2023		
	Principal Due May 1	Interest Due May 1, November 1	Total
2025	\$ -	\$ 400,600	\$ 400,600
2026	155,000	395,175	550,175
2027	165,000	383,975	548,975
2028	170,000	372,250	542,250
2029	180,000	360,000	540,000
2030	190,000	347,050	537,050
2031	205,000	333,225	538,225
2032	215,000	318,525	533,525
2033	225,000	305,375	530,375
2034	240,000	293,750	533,750
2035	255,000	281,375	536,375
2036	270,000	268,250	538,250
2037	285,000	254,375	539,375
2038	300,000	239,750	539,750
2039	320,000	224,250	544,250
2040	335,000	207,875	542,875
2041	355,000	190,625	545,625
2042	375,000	172,375	547,375
2043	400,000	153,000	553,000
2044	420,000	132,500	552,500
2045	445,000	110,875	555,875
2046	470,000	88,000	558,000
2047	500,000	63,750	563,750
2048	525,000	38,125	563,125
2049	500,000	12,500	512,500
Totals	<u>\$ 7,500,000</u>	<u>\$ 5,947,550</u>	<u>\$ 13,447,550</u>

Harris County Improvement District No. 14
Schedule of Long-Term Debt Service Requirements by Years
November 30, 2024

(Continued)

Due During Fiscal Years Ending November 30	Road Series 2024		
	Principal Due May 1	Interest Due May 1, November 1	Total
2025	\$ -	\$ 338,550	\$ 338,550
2026	150,000	333,675	483,675
2027	160,000	323,600	483,600
2028	170,000	313,300	483,300
2029	180,000	302,800	482,800
2030	190,000	291,700	481,700
2031	200,000	282,000	482,000
2032	210,000	273,800	483,800
2033	225,000	265,100	490,100
2034	235,000	255,900	490,900
2035	250,000	246,200	496,200
2036	265,000	235,900	500,900
2037	280,000	225,000	505,000
2038	295,000	213,500	508,500
2039	310,000	201,400	511,400
2040	330,000	188,600	518,600
2041	350,000	175,000	525,000
2042	370,000	160,600	530,600
2043	390,000	145,400	535,400
2044	415,000	129,300	544,300
2045	435,000	112,300	547,300
2046	460,000	94,400	554,400
2047	490,000	75,400	565,400
2048	515,000	55,300	570,300
2049	545,000	34,100	579,100
2050	580,000	11,600	591,600
Totals	<u>\$ 8,000,000</u>	<u>\$ 5,284,425</u>	<u>\$ 13,284,425</u>

Harris County Improvement District No. 14
Schedule of Long-Term Debt Service Requirements by Years
November 30, 2024

(Continued)

Due During Fiscal Years Ending November 30	Series 2024A		
	Principal Due May 1	Interest Due May 1, November 1	Total
2025	\$ -	\$ 338,632	\$ 338,632
2026	-	357,500	357,500
2027	-	357,500	357,500
2028	300,000	347,750	647,750
2029	300,000	328,250	628,250
2030	300,000	308,750	608,750
2031	300,000	291,500	591,500
2032	300,000	278,000	578,000
2033	300,000	266,000	566,000
2034	325,000	253,500	578,500
2035	325,000	240,500	565,500
2036	325,000	227,500	552,500
2037	325,000	214,500	539,500
2038	325,000	201,500	526,500
2039	330,000	188,400	518,400
2040	330,000	175,200	505,200
2041	335,000	161,900	496,900
2042	335,000	148,500	483,500
2043	335,000	135,100	470,100
2044	335,000	121,700	456,700
2045	335,000	108,300	443,300
2046	340,000	94,800	434,800
2047	340,000	81,200	421,200
2048	360,000	67,200	427,200
2049	750,000	45,000	795,000
2050	750,000	15,000	765,000
Totals	<u>\$ 8,300,000</u>	<u>\$ 5,353,682</u>	<u>\$ 13,653,682</u>

Harris County Improvement District No. 14
Schedule of Long-Term Debt Service Requirements by Years
November 30, 2024

(Continued)

Due During Fiscal Years Ending November 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ -	\$ 1,416,213	\$ 1,416,213
2026	455,000	1,420,281	1,875,281
2027	485,000	1,389,706	1,874,706
2028	805,000	1,348,181	2,153,181
2029	835,000	1,295,731	2,130,731
2030	865,000	1,241,381	2,106,381
2031	900,000	1,189,206	2,089,206
2032	930,000	1,140,806	2,070,806
2033	965,000	1,095,431	2,060,431
2034	1,025,000	1,051,106	2,076,106
2035	1,065,000	1,004,531	2,069,531
2036	1,110,000	955,825	2,065,825
2037	1,150,000	904,981	2,054,981
2038	1,195,000	851,975	2,046,975
2039	1,245,000	796,575	2,041,575
2040	1,295,000	738,657	2,033,657
2041	1,355,000	677,979	2,032,979
2042	1,410,000	614,594	2,024,594
2043	1,475,000	548,125	2,023,125
2044	1,535,000	478,463	2,013,463
2045	1,600,000	405,813	2,005,813
2046	1,675,000	330,825	2,005,825
2047	1,755,000	253,225	2,008,225
2048	1,845,000	171,750	2,016,750
2049	1,795,000	91,600	1,886,600
2050	1,330,000	26,600	1,356,600
Totals	<u>\$ 30,100,000</u>	<u>\$ 21,439,560</u>	<u>\$ 51,539,560</u>

Harris County Improvement District No. 14
Changes in Long-Term Bonded Debt
Year Ended November 30, 2024

	Bond			
	Series 2022	Series 2023	Road Series 2024	
Interest rates	5.00% to 6.00%	5.00% to 7.00%	4.00% to 6.50%	
Dates interest payable	May 1/ November 1	May 1/ November 1	May 1/ November 1	
Maturity dates	May 1, 2026/2048	May 1, 2026/2049	May 1, 2026/2050	
Bonds outstanding, beginning of the current year	\$ 6,300,000	\$ 7,500,000	\$ -	
Bonds sold during the current year	-	-	8,000,000	
Bonds outstanding, end of current year	\$ 6,300,000	\$ 7,500,000	\$ 8,000,000	
Interest paid during the current year	\$ 338,431	\$ 386,134	\$ 206,892	
Paying agent's name and address:				
Series 2022	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas			
Series 2023	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas			
Series 2024	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas			
Series 2024A	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas			
	Tax and Refunding Bonds	Recreational and Refunding Bonds	Road and Refunding Bonds	Economic Development and Refunding Bonds
Bond authority:				
Amount authorized by voters	\$ 302,650,000	\$ 51,350,000	\$ 172,000,000	\$ 25,000,000
Amount issued	\$ 22,100,000	\$ -	\$ 8,000,000	\$ -
Remaining to be issued	\$ 280,550,000	\$ 51,350,000	\$ 164,000,000	\$ 25,000,000
Debt service fund cash and temporary investment balances as of November 30, 2024:				\$ 917,107
Average annual debt service payment (principal and interest) for remaining term of all debt:				\$ 1,982,291

Issues

<u>Series 2024A</u>	<u>Totals</u>
4.00% to 6.50%	
May 1/ November 1	
May 1, 2028/2050	
\$ -	\$ 13,800,000
<u>8,300,000</u>	<u>16,300,000</u>
<u>\$ 8,300,000</u>	<u>\$ 30,100,000</u>
<u>\$ -</u>	<u>\$ 931,457</u>

Harris County Improvement District No. 14
Comparative Schedule of Revenues and Expenditures – General Fund
Four Years Ended November 30,

	Amounts			
	2024	2023	2022	2021
General Fund				
Revenues				
Property taxes	\$ 1,164,339	\$ 453,846	\$ 80,713	\$ 65,286
Water service	201,037	92,968	24,203	-
Sewer service	179,636	44,628	984	-
Regional water fee	319,339	181,943	18,455	-
Penalty and interest	8,038	7,435	1,973	-
Tap connection and inspection fees	504,729	539,238	442,002	-
Investment income	11,293	251	10	24
Other income	3,480	143	-	-
Total revenues	2,391,891	1,320,452	568,340	65,310
Expenditures				
Service operations:				
Purchased services	1,553,276	1,124,217	378,716	-
Professional fees	169,324	154,449	184,214	134,205
Contracted services	97,436	81,325	40,549	25,941
Solid waste	108,724	76,415	14,889	-
Utilities	7,027	6,634	-	-
Repairs and maintenance	429,993	531,575	297,603	14,953
Other expenditures	60,666	49,068	54,430	28,427
Tap connections	317,216	289,748	237,976	-
Debt service, debt issuance costs	-	-	59,611	-
Total expenditures	2,743,662	2,313,431	1,267,988	203,526
Deficiency of Revenues Over Expenditures	(351,771)	(992,979)	(699,648)	(138,216)
Other Financing Sources				
Interfund transfers in	-	72,610	-	-
Developer advances received	380,000	1,098,500	398,000	161,000
Total other financing sources	380,000	1,171,110	398,000	161,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	28,229	178,131	(301,648)	22,784
Fund Balance (Deficit), Beginning of Year	(113,098)	(291,229)	10,419	(12,365)
Fund Balance (Deficit), End of Year	\$ (84,869)	\$ (113,098)	\$ (291,229)	\$ 10,419
Total Active Retail Water Connections	692	452	208	N/A
Total Active Retail Wastewater Connections	692	452	206	N/A

Percent of Fund Total Revenues			
2024	2023	2022	2021
48.7 %	34.4 %	14.2 %	100.0 %
8.4	8.3	4.3	-
7.5	4.7	0.2	-
13.4	13.8	3.2	-
0.3	0.6	0.3	-
21.1	38.2	77.8	-
0.5	0.0	0.0	0.0
0.1	0.0	-	-
100.0	100.0	100.0	100.0
64.9	85.1	66.6	-
7.1	11.7	32.4	205.5
4.1	6.2	7.1	39.7
4.5	5.8	2.6	-
0.3	0.5	-	-
18.0	40.3	52.4	22.9
2.5	3.7	9.6	43.5
13.3	21.9	41.9	-
-	-	10.5	-
114.7	175.2	223.1	311.6
(14.7) %	(75.2) %	(123.1) %	(211.6) %

Harris County Improvement District No. 14
Schedule of Revenues and Expenditures – Debt Service Fund
Two Years Ended November 30,

	Amounts		Percent of Fund Total Revenues	
	2024	2023	2024	2023
Debt Service Fund				
Revenues				
Property taxes	\$ 827,479	\$ -	93.1 %	- %
Penalty and interest	12,454	3,163	1.4	14.0
Investment income	48,374	19,411	5.5	86.0
Other income	140	-	0.0	-
Total revenues	<u>888,447</u>	<u>22,574</u>	<u>100.0</u>	<u>100.0</u>
Expenditures				
Current:				
Professional fees	3,271	-	0.4	-
Contracted services	29,486	11,694	3.3	51.8
Other expenditures	8,960	7,819	1.0	34.6
Debt service, interest and fees	<u>932,957</u>	<u>291,427</u>	<u>105.0</u>	<u>1,291.0</u>
Total expenditures	<u>974,674</u>	<u>310,940</u>	<u>109.7</u>	<u>1,377.4</u>
Deficiency of Revenues Over Expenditures	<u>(86,227)</u>	<u>(288,366)</u>	<u>(9.7) %</u>	<u>(1,277.4) %</u>
Other Financing Sources (Uses)				
Interfund transfers out	-	(12,999)		
General obligation bonds issued	<u>338,550</u>	<u>672,800</u>		
Total other financing sources	<u>338,550</u>	<u>659,801</u>		
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	252,323	371,435		
Fund Balance, Beginning of Year	<u>371,435</u>	<u>(13,505)</u>		
Fund Balance, End of Year	<u>\$ 623,758</u>	<u>\$ 357,930</u>		

Harris County Improvement District No. 14
Board Members, Key Personnel and Consultants
Year Ended November 30, 2024

Complete District mailing address:	Harris County Improvement District No. 14 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):	April 16, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
John Herzog	Appointed 04/24- 06/25	\$ 2,431	\$ 456	President
Emily Lashbrook	Appointed 12/21- 06/25	2,431	516	Vice President
Carol Mather	Appointed 06/23- 06/27	2,210	1,230	Secretary
Debbie Hooper	Appointed 06/23- 06/27	2,431	228	Assistant Vice President
Carla Dawson	Appointed 06/23- 06/27	1,768	-	Assistant Secretary
Kate Tankersley	Appointed 11/21- 04/24	221	5	Resigned

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

Harris County Improvement District No. 14
Board Members, Key Personnel and Consultants
Year Ended November 30, 2024

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	08/22/16	\$ 90,431 422,385	General Counsel Bond Counsel
B&A Municipal Tax Services, LLC	09/15/16	27,694	Tax Assessor/ Collector
BGE, Inc.	08/22/16	157,243	Engineer
Forvis Mazars, LLP	03/15/22	77,700	Auditor
Harris Central Appraisal District	Legislative Action	17,191	Appraiser
Inframark, LLC	12/04/18	692,338	Operator
Masterson Advisors LLC	05/01/18	296,806	Financial Advisor
Municipal Accounts & Consulting, L.P.	08/22/16	84,752	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	12/03/19	3,271	Delinquent Tax Attorney
Investment Officers			
Mark Burton and Ghia Lewis	09/15/16	N/A	Bookkeepers

APPENDIX B

BAM Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

APPENDIX C

AG Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)