

OFFICIAL STATEMENT DATED JANUARY 12, 2026

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 BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

BOOK-ENTRY-ONLY

Insured Rating on the Series 2026 Bonds (BAM): S&P "AA" (stable outlook)
Insured Rating on the Series 2026A Park Bonds (AG): S&P "AA" (stable outlook)
Moody's "A1" (stable outlook)
Underlying Rating: Moody's "A2"
See "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE—SERIES 2026 BONDS" and "MUNICIPAL BOND INSURANCE—SERIES 2026A PARK BONDS" herein.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290

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

\$8,330,000
UNLIMITED TAX BONDS
SERIES 2026

\$500,000
UNLIMITED TAX PARK BONDS
SERIES 2026A

Dated Date: February 1, 2026

Interest Accrual Date: Date of Delivery

Due: September 1, as shown on the inside cover

The \$8,330,000 Unlimited Tax Bonds, Series 2026 (the "Series 2026 Bonds") and the \$500,000 Unlimited Tax Park Bonds, Series 2026A (the "Series 2026A Park Bonds") (collectively referred to herein as the "Bonds") are obligations solely of Harris County Municipal Utility District No. 290 (the "District") and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS 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 "INVESTMENT CONSIDERATIONS."

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about February 12, 2026) (the "Date of Delivery") and is payable on each March 1 and September 1 (each an "Interest Payment Date") commencing September 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of \$5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the inside cover.

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



The scheduled payment of principal of and interest on the Series 2026 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2026 Bonds by Build America Mutual Assurance Company ("BAM" or the "Series 2026 Insurer"). See "MUNICIPAL BOND INSURANCE—SERIES 2026 BONDS" herein.



The scheduled payment of principal of and interest on the Series 2026A Park Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2026A Park Bonds by Assured Guaranty Inc. ("AG" or the "Series 2026A Park Insurer"). See "MUNICIPAL BOND INSURANCE—SERIES 2026A PARK BONDS" herein.

See "MATURITY SCHEDULES" on the inside cover.

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

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson, LLP, Bond Counsel, Houston, Texas. Delivery of the Bonds in book-entry form through DTC is expected on or about February 12, 2026.

MATURITY SCHEDULES

\$8,330,000 SERIES 2026 BONDS

<u>Due (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Number (c)</u>	<u>Due (September 1)</u>	<u>Principal Amount (a)</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Number (c)</u>
2035	\$ 110,000 (a)	4.00 %	3.20 %	41420X SP9	2041	\$ 1,000,000 (a)	4.00 %	3.70 %	41420X SV6
2036	110,000 (a)	4.00	3.30	41420X SQ7	2042	1,000,000 (a)	4.00	3.80	41420X SW4
2037	110,000 (a)	4.00	3.40	41420X SR5	2043	1,000,000 (a)	4.00	3.90	41420X SX2
2038	500,000 (a)	4.00	3.40	41420X SS3	2044	1,000,000 (a)	4.00	4.00	41420X SY0
2039	500,000 (a)	4.00	3.50	41420X ST1	2045	1,000,000 (a)	4.00	4.10	41420X SZ7
2040	1,000,000 (a)	4.00	3.60	41420X SU8	2046	1,000,000 (a)	4.00	4.20	41420X TA1

\$500,000 SERIES 2026A PARK BONDS

<u>Due (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Number (c)</u>	<u>Due (September 1)</u>	<u>Principal Amount (a)</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Number (c)</u>
2030	\$ 25,000	4.00 %	2.75 %	41420X SF1	2033	\$ 25,000 (a)	3.00 %	3.15 %	41420X SJ3
2031	25,000	4.00	2.80	41420X SG9	2034	100,000 (a)	3.25	3.25	41420X SK0
2032	25,000 (a)	4.00	2.90	41420X SH7	2035	100,000 (a)	3.25	3.30	41420X SL8

\$200,000 Term Bonds Due September 1, 2037 (a), 41420X SN4 (c), 3.50% Interest Rate, 3.50% Yield (b)

- (a) The Bonds maturing on or after September 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS—Redemption Provisions." The Series 2026A 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 Initial Purchasers 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 Initial Purchasers shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

Build America Mutual Assurance Company (“BAM” or the “Series 2026 Insurer”) makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, the Series 2026 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 2026 Insurer, supplied by the Series 2026 Insurer and presented under the heading “MUNICIPAL BOND INSURANCE—SERIES 2026 BONDS” and “APPENDIX B—BAM Specimen Municipal Bond Insurance Policy.”

Assured Guaranty Inc. (“AG” or the “Series 2026A Park Insurer”) makes no representation regarding the Series 2026A Park Bonds or the advisability of investing in the Series 2026A Park Bonds. In addition, the Series 2026A 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 2026A Park Insurer supplied by the Series 2026A Park Insurer and presented under the heading “MUNICIPAL BOND INSURANCE—SERIES 2026A 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 FINANCING

- Description...* The \$8,330,000 Unlimited Tax Bonds, Series 2026 (the “Series 2026 Bonds”) and the \$500,000 Unlimited Tax Park Bonds, Series 2026A (the “Series 2026A Park Bonds”) (collectively referred to herein as the “Bonds”) are being issued as fully registered bonds pursuant to separate resolutions (collectively, the “Bond Resolutions”) authorizing the issuance of each series of the Bonds adopted by the District’s Board of Directors (the “Board”). The Series 2026 Bonds are scheduled to mature serially on September 1 in each of the years 2035 through 2046, both inclusive, in the principal amounts and accrue interest at the rates shown on the inside cover hereof. The Series 2026A Park Bonds are scheduled to mature serially on September 1 in each of the years 2030 through 2035, both inclusive, and as term bonds maturing on September 1, 2037 (the “Series 2026A Park Term Bonds”) in the principal amounts and accruing 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 on September 1, 2026, and on each March 1 and September 1 thereafter, until maturity or prior redemption. See “THE BONDS” and “BOOK-ENTRY-ONLY SYSTEM.”
- Book-Entry-Only System...* The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each series and maturity of the Bonds and will be deposited with DTC or its designee. See “BOOK-ENTRY-ONLY SYSTEM.”
- Redemption...* The Bonds maturing on or after September 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The Series 2026A Park Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
- Use of Proceeds...* Proceeds of the Series 2026 Bonds will be used to pay for the construction costs as shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS—SERIES 2026 BONDS.” Proceeds of the Series 2026A Park Bonds will be used to pay for the construction costs as shown herein under “USE AND DISTRIBUTION OF BONDS PROCEEDS—SERIES 2026A PARK BONDS” and “THE PARK SYSTEM.” In addition, Bond proceeds will be used to pay engineering fees and administrative costs and certain other costs related to the issuance of the Bonds, including twelve (12) months of capitalized interest on the Bonds, respectively.

<i>Authority for Issuance...</i>	At an election held within the District on May 15, 2004, voters authorized a total of \$59,225,000 principal amount of unlimited tax bonds for purposes of acquiring or constructing water, sanitary sewer and drainage facilities and \$7,400,000 principal amount of unlimited tax bonds for purpose of acquiring or constructing parks and recreational facilities, respectively. The Series 2026 Bonds are the second issue out of such authorization for water, sanitary sewer and drainage facilities, and the Series 2026A Park Bonds are the second issue out of such authorization for parks and recreational facilities. See “THE BONDS—Authority for Issuance.” The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolutions, an order of the TCEQ (defined herein), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.
<i>Source of Payment...</i>	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Houston, Harris County, the State of Texas or any entity other than the District. See “THE BONDS—Source and Security for Payment.”
<i>Payment Record...</i>	The District has previously issued twelve series of unlimited tax bonds for water, sanitary sewer and drainage facilities, one series of unlimited tax park bonds, and five series of unlimited tax refunding bonds, \$42,280,000 of which remains outstanding as of November 30, 2025 (the “Outstanding Bonds”). The District has never defaulted in the payment of principal and interest on the Outstanding Bonds.
<i>Qualified Tax-Exempt Obligations...</i>	The District has designated the Bonds as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS—Qualified Tax-Exempt Obligations.”
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	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 2026 Bonds with the understanding that, upon issuance and delivery of the Series 2026 Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2026 Bonds will be issued by Build America Mutual Assurance Company (“BAM” or the “Series 2026 Insurer”). S&P assigned a municipal bond insured rating of “AA” (stable outlook) and Moody’s Investors Service, Inc. (“Moody’s”) is expected to assign a municipal bond insured rating of “A1” (stable outlook), respectively, to the Series 2026A Park Bonds with the understanding that, upon issuance and delivery of the Series 2026A Park Bonds, a bond insurance policy insuring the timely payment of the principal of and interest on the Series 2026A Park Bonds will be issued by Assured Guaranty Inc. (“AG” or the “Series 2026A Park Insurer”). Moody’s Investors Service (“Moody’s”) has assigned an underlying rating of “A2” to the Bonds. An explanation of the ratings may be obtained from S&P and Moody’s. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE—SERIES 2026 BONDS,” “MUNICIPAL BOND INSURANCE—SERIES 2026A PARK BONDS,” “APPENDIX B” and “APPENDIX C.”
<i>Bond Counsel...</i>	Allen Boone Humphries Robinson, LLP, Houston, Texas. See “MANAGEMENT OF THE DISTRICT—District Consultants” and “LEGAL MATTERS.”
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas.
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas. See “LEGAL MATTERS.”
<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.”

THE DISTRICT

Description...

The District was created by order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”), dated February 13, 1985. The District presently contains approximately 851 acres of land located in the northeast portion of Harris County approximately 25 miles from downtown Houston, Texas and approximately seven miles east of Bush Intercontinental Airport. The District is located approximately 6 miles east of U.S. Highway 59 (the “Eastex Freeway”) and is accessible via the Eastex Freeway to Will Clayton Parkway, then east on Will Clayton Parkway six miles to the entrance to the District. The entrance is at the intersection of Will Clayton Parkway and Timber Forest Drive. The District lies entirely within the extraterritorial jurisdiction of the City of Houston. See “THE DISTRICT.”

Status of Development...

The District is a portion of the Eagle Springs community. Eagle Springs is planned to encompass 1,404 acres of land at full development including single-family, multi-family and commercial usages. Approximately 1,359 acres are located within the boundaries of two municipal utility districts. Approximately 851 acres are within the boundaries of the District, and approximately 508 acres are within the boundaries of Harris County Municipal Utility District No. 106 (“MUD 106”). Development of Eagle Springs began in 2000. As of October 1, 2025, the Eagle Springs community contained a total of 4,002 completed houses, of which 2,711 are located in the District and 1,291 are located in MUD 106. The District does not have any developable land which is not provided with underground water, sanitary sewer and drainage facilities.

All of the developable acreage in the District is served with underground utilities. Construction of water, sanitary sewer and drainage facilities and paving to serve Eagle Springs, Sections 17 through 50 located within the District (approximately 757 acres of land developed into 2,593 single-family residential lots, 65 townhome lots, and 53 gated patio lots) is complete. As of October 1, 2025, the District contained 2,696 single-family homes (including townhomes and patio homes) completed and occupied and 15 single-family homes completed and not occupied.

In addition to the development described above, approximately 6 acres are included in parks, recreation and open space areas. An elementary school has been constructed on approximately 13 acres of land in the District. The school is exempt from taxation by the District. Additionally, approximately 75 acres of land are contained in drainage easements and rights-of-way, including approximately 37 acres of land which has been deeded to Harris County for a future roadway. See “THE DISTRICT.”

INVESTMENT CONSIDERATIONS

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 “INVESTMENT CONSIDERATIONS.”

SELECTED FINANCIAL INFORMATION

2025 Taxable Assessed Valuation.....	\$1,009,591,025 (a)
Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds).....	\$ 51,110,000
Estimated Overlapping Debt	<u>67,601,176 (b)</u>
Gross Direct Debt and Estimated Overlapping Debt.....	\$118,711,176
Ratios of Gross Direct Debt to:	
2025 Taxable Assessed Valuation.....	5.06%
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:	
2025 Taxable Assessed Valuation.....	11.76%
2025 Debt Service Tax Rate.....	\$0.47
2025 Maintenance Tax Rate.....	<u>0.20</u>
2025 Total Tax Rate.....	\$0.67
Average percentage of total tax collections (2020-2024).....	99.73%
Average Annual Debt Service Requirement (2026-2046).....	\$3,101,058 (c)
Maximum Annual Debt Service Requirement (2027).....	\$5,105,575 (c)
Tax Rates Required to Pay Average Annual Debt Service (2026-2046) at a 95% Collection Rate:	
Based upon 2025 Taxable Assessed Valuation.....	\$0.33 (d)
Tax Rates Required to Pay Maximum Annual Debt Service (2027) at a 95% Collection Rate:	
Based upon 2025 Taxable Assessed Valuation.....	\$0.54 (d)
Connection Count as of October 1, 2025 (e):	
Single-family residential – completed and occupied	2,696
Single-family residential – completed and unoccupied	15
Commercial connections	3
Other connections.....	114
Total	2,828

Estimated 2025 Population — 9,436 (f)

- (a) The Harris County Appraisal District (the “Appraisal District”) has certified \$972,634,954 of value as of January 1, 2025. According to the Appraisal District, the estimated final value after hearing loss of the properties remaining uncertified totals \$36,956,071. The above total represents the certified value plus estimated final value with hearing loss of the uncertified value. See “TAX PROCEDURES.”
- (b) See “ESTIMATED OVERLAPPING DEBT STATEMENT.”
- (c) See “DEBT SERVICE REQUIREMENTS.”
- (d) See “TAX DATA—Tax Adequacy for Debt Service.”
- (e) See “THE DISTRICT—Status of Development.”
- (f) Estimate based on 3.5 persons per occupied single-family connection.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290 *(A political subdivision of the State of Texas located within Harris County)*

\$8,330,000
UNLIMITED TAX BONDS
SERIES 2026

\$500,000
UNLIMITED TAX PARK BONDS
SERIES 2026A

This Official Statement provides certain information in connection with the issuance by Harris County Municipal Utility District No. 290 (the “District”) of its \$8,330,000 Unlimited Tax Bonds, Series 2026 (the “Series 2026 Bonds”) and the \$500,000 Unlimited Tax Park Bonds, Series 2026A (the “Series 2026A Park Bonds”) (collectively referred herein as the “Bonds”).

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, separate resolutions authorizing, respectively, the issuance of the Series 2026 Bonds and the Series 2026A Park Bonds (collectively the “Bond Resolutions”) adopted by the Board of Directors of the District (the “Board”), an order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”) and elections held within the District.

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolutions. The Bond Resolutions authorize the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated February 1, 2026, with interest payable on September 1, 2026, and on each March 1 and September 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the Date of Delivery, and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 of the years and in the principal amounts and accrue interest at the rates shown under “MATURITY SCHEDULES” on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York (“DTC”), in its nominee name of Cede & Co., pursuant to the book-entry system described herein (“Registered Owners”). No physical delivery of the Bonds will be made to the purchasers thereof. See “BOOK-ENTRY-ONLY SYSTEM.” Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Under certain limited circumstances described further in the Bond Resolutions, the District may determine to forego immobilization of the Bonds at DTC, or another securities depository, in which case, the interests of each Beneficial Owner (as defined herein under “BOOK-ENTRY-ONLY SYSTEM.”) with respect to the Bonds or any particular Bond would become exchangeable for one or more fully registered Bonds of like series and principal amount and the recipients of such exchange Bonds would be the Registered Owners (as defined below under “Registration”) for all purposes described herein. See “BOOK-ENTRY-ONLY SYSTEM.”

Authority for Issuance

At an election held within the District on May 15, 2004, voters authorized a total of \$59,225,000 principal amount of unlimited tax bonds for purposes of acquiring or constructing water, sanitary sewer and drainage facilities and \$7,400,000 principal amount of unlimited tax bonds for purpose of acquiring or constructing parks and recreational facilities, respectively. The Series 2026 Bonds are the second issue out of such authorization for water, sanitary sewer and drainage facilities, and the Series 2026A Park Bonds are the second issue out of such authorization for parks and recreational facilities. The Series 2026 Bonds and the Series 2026A Park Bonds are being issued pursuant to such authorizations, respectively. See “—Issuance of Additional Debt” herein. The Commission has approved the sale of the Bonds for the purposes described in “USE AND DISTRIBUTION OF BOND PROCEEDS.”

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolutions, an order of the TCEQ, Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended.

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

Source and Security for Payment

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See “TAX PROCEDURES.” 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. Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See “INVESTMENT CONSIDERATIONS.” The Bonds are obligations solely of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any political subdivision or entity other than the District.

Funds

In the Bond Resolutions, the 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.

Proceeds from sale of the Bonds, including twelve (12) months of capitalized interest on each respective series of Bonds, interest earnings thereon, shall be deposited into the Capital Projects Funds, to pay the costs of acquiring or constructing District water, sanitary sewer, drainage and parks and recreational facilities and for paying the costs of issuing the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Record Date

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

Redemption Provisions

Mandatory Redemption of the Series 2026A Park Term Bonds: The Series 2026A Park Bonds maturing on September 1, 2037 (the “Series 2026A Park Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, on September 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):

\$200,000 Term Bonds	
Due September 1, 2037	
<u>Mandatory</u>	<u>Principal</u>
<u>Redemption Date</u>	<u>Amount</u>
2036	\$ 100,000
2037 (maturity)	100,000

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 2026A 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 2026A Park Term Bonds or portions of the Series 2026A 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 2026A Park Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Series 2026A 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 September 1, 2032 prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2031, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular series and maturity or maturities and the

amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same series and maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Resolutions.

By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds (including any Series 2026A Park Term Bonds) or portions thereof to be redeemed, plus accrued interest to the redemption date. 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.

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 (the "Registered Owner") as of the close of business on February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

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

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. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

Provision is made in the Bond 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.

Lost, Stolen or Destroyed Bonds

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

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

Issuance of Additional Debt

After issuance of the Series 2026 Bonds, the District will have \$45,090,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. After the issuance of the Series 2026A Park Bonds, the District will have no principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities. In addition, the District also has \$46,845,000 principal amount of unlimited tax refunding bonds for the purpose of refunding such bonds authorized but unissued. The Bond Resolutions impose no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters, or the amount ultimately issued by the District. The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (a) approval of a detailed fire plan by the Commission; (b) authorization of the detailed fire plan and bonds for such purpose by the qualified voters in the District; (c) approval of the bonds by the Commission; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered preparing a fire plan or calling an election at this time for such purposes. The District currently has a Fire Protection Agreement with the City.

The District is authorized by statute to construct park and recreational facilities, including the issuing of bonds payable from taxes for such purpose. If the District does issue additional parks bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the District's certified taxable assessed valuation, unless, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District.

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

Strategic Partnership Agreement

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

Annexation by the City of Houston

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

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

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 that the Bonds shall not become “arbitrage bonds” under the Code and the regulations prescribed from time to time thereunder.

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 observance 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 does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages. 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 “INVESTMENT CONSIDERATIONS—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 or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the

proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

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

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

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

THE DISTRICT

General

Harris County Municipal Utility District No. 290 (the "District") is a municipal utility district created by order of the Texas Water Commission (now known as the TCEQ), dated February 13, 1985, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code and other general statutes applicable to municipal utility districts. The District is located wholly within the exclusive extraterritorial jurisdiction of the City of Houston, Texas (the "City of Houston" or "City").

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

The TCEQ exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, fire-fighting facilities and recreational facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to platted lots and reserves which have been approved by the Planning Commission of the City. Construction and operation of the District’s drainage system are subject to the regulatory jurisdiction of additional government agencies. See “THE SYSTEM.”

The District presently contains approximately 851 acres of land. The District is located approximately 25 miles northeast of downtown Houston and approximately seven miles east of Bush Intercontinental Airport. The District is located approximately 6 miles east of U.S. Highway 59 (the “Eastex Freeway”) and is accessible via the Eastex Freeway to Will Clayton Parkway, then east on Will Clayton Parkway six miles to the entrance to the District. The entrance is at the intersection of Will Clayton Parkway and Timber Forest Drive.

Status of Development

The District is a portion of the Eagle Springs community. Eagle Springs is planned to encompass 1,404 acres of land at full development including single-family, multi-family and commercial usages. Approximately 1,359 acres are located within the boundaries of two municipal utility districts. Approximately 851 acres are within the boundaries of the District, and approximately 508 acres are within the boundaries of Harris County Municipal Utility District No. 106 (“MUD 106”). As of October 1, 2025, the Eagle Springs community contained a total of 4,002 completed houses, of which 2,711 are located in the District and 1,291 are located in MUD 106. Construction of water, sewer, and drainage facilities to serve all developable land within the District is complete.

All of the developable acreage in the District is served with underground utilities. Construction of water, sanitary sewer and drainage facilities and paving to serve Eagle Springs, Sections 17 through 50 located within the District (approximately 757 acres of land developed into 2,593 single-family residential lots, 65 townhome lots, and 53 gated patio lots) is complete.

Home construction began in August, 2005, and as of October 1, 2025, the District contained 2,711 completed single-family homes (including townhomes or patio homes) as shown below:

Connection count as of October 1, 2025:

Single-family residential – completed and occupied.....	2,696
Single-family residential – completed and unoccupied.....	<u>15</u>
Total.....	2,711

In addition to the residential development in Eagle Springs, community facilities include (1) a clubhouse and fitness center; (2) a 15-acre athletic club and sports park which includes a swimming facility containing a large pool and a small pool, two soccer fields, four tennis courts, two youth baseball fields, picnic pavilion and recreational trail; (3) a second large pool; (4) an amenity lake with walking trails and sitting areas; (5) a large pavilion with picnic areas; (6) several pocket park areas with playground equipment; (7) a splash pad; and (8) a second clubhouse.

In addition to the development described above, the District also contains approximately 75 acres which are included in drainage easements and rights-of-way (including approximately 37 acres of land which has been deeded to Harris County for a future roadway) and 6 acres which are included in park and recreation areas. An elementary school has been constructed on approximately 13 acres of land in the District. The school is exempt from taxation by the District. See “INVESTMENT CONSIDERATIONS.”

Community Facilities

Community facilities are located in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities and other retail and service establishments are located within two miles of the District along areas adjacent to F.M. 1960, Atascocita Road and U.S. Highway 59. Fire protection for the District is provided by the Atascocita Volunteer Fire Department which operates two area fire stations. Additional fire protection is provided by other area volunteer fire departments and the City of Humble pursuant to mutual aid agreements. Medical care for District residents is available from the Northeast Medical Center Hospital in the City of Humble, approximately four and one-half miles west of the District. Numerous other medical facilities are located in the Houston Metropolitan area. The land within the District is located within the boundaries of Humble Independent School District, and children within the District attend elementary, junior high and high schools of Humble Independent School District located within five miles of the development in the District.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. All of the Directors listed below reside within the District. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are held only in even numbered years. The Directors and Officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Michelle Dueitt	President	May 2028
Joshua L. Stibrich	Vice President	May 2028
Justin Ratley	Asst. Vice President	May 2026
Carey Kesner	Secretary	May 2026
Ginger L. Salas	Asst. Secretary	May 2026

District Consultants

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

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by Harris County Appraisal District. The District's contracts with Tax Tech, Inc. to serve as Tax Assessor/Collector.

Bookkeeper

The District has engaged Myrtle Cruz, Inc. to serve as the District's bookkeeper.

System Operator

The District contracts with Municipal Operations & Consulting, Inc. for maintenance and operation of the District's system.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is BGE, Inc. (the "Engineer").

Attorney

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

Financial Advisor

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fees to be paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

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.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's financial statements for the fiscal year ending March 31, 2025, were audited by the independent accounting firm of McCall Gibson Swedlund Barfoot Ellis PLLC. See "APPENDIX A" for a copy of the audited financial statements of the District as of March 31, 2025.

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 Harris County Flood Control District, the City of Houston, Harris County and, in some instances, the Commission. Harris County and the City of Houston 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.

Water, Sanitary Sewer and Drainage Facilities

Source of Water Supply: The District obtains water supply capacity from the regional water plant (the "Eagle Springs Water Plant"), which is operated by and shared with Harris County Municipal Utility District No. 106 ("MUD 106"). The water plant consists of two 1,500 gallons per minute ("gpm") wells, one 1,800 gpm well, 2,000,000 gallons of ground storage tank capacity, booster pumps totaling 8,800 gpm capacity, 40,000 gallons of pressure tank capacity, and appurtenant equipment. The District interconnects with MUD 106, which has emergency water interconnect agreements with Harris County Municipal Utility District No. 46 and Trail of the Lakes Municipal Utility District. According to the Engineer, the Eagle Springs Water Plant is sufficient to serve approximately 4,454 single-family equivalent connections, of which the District owns capacity sufficient to serve 2,803 single-family equivalent connections. The District currently serves approximately 2,739 single-family equivalent connections. A portion of the Bond proceeds will be used to fund improvements to District water plants. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Source of Wastewater Treatment: Permanent wastewater treatment for the District is being provided by Trail of the Lakes Regional Wastewater Treatment Plant (the "Regional Wastewater Treatment Plant"). The Regional Wastewater Treatment Plant has a capacity of 1.75 million gallons per day (gpd), of which the District owns 840,000 gpd capacity. The Engineer estimates that the District's 840,000 gpd capacity will serve approximately 2,800 single-family equivalent connections, which is adequate to serve the current needs of the District, assuming current regulatory criteria and present land use plans. The Regional Wastewater Treatment Plant is designed to permit expansion as warranted by demand within the District and Trail of the Lakes Municipal Utility District. A portion of the Bond proceeds will be used to fund improvements to lift stations and wastewater treatment plants within the District. See "USE AND DISTRIBUTION OF BOND PROCEEDS"

100-Year Flood Plain: "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. 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 no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards. According to the Engineer, no land within the District is located within the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

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

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 not located within the boundaries of the Authority but participates in the Authority’s GRP as a contract member. 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(s) are 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 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, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority’s GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty per 1,000 gallons (“Disincentive Fees”) imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total 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 in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District’s surface water conversion requirements, or (iii) will comply with its GRP.

THE PARK SYSTEM

The park system includes landscaping and recreational improvements to serve the Eagle Springs subdivision. The park system is connected by sidewalks within the subdivision.

The park system within Eagle Springs consists of (1) a clubhouse and fitness center; (2) a 15-acre athletic club and sports park which includes a swimming facility containing a large pool and a small pool, two soccer fields, four tennis courts, two youth baseball fields, picnic pavilion and recreational trail; (3) a second large pool; (4) an amenity lake with walking trails and sitting areas; (5) a large pavilion with picnic areas; (6) several pocket park areas with playground equipment; (7) a splash pad; and (8) a second clubhouse.

USE AND DISTRIBUTION OF BOND PROCEEDS

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

SERIES 2026 BONDS

CONSTRUCTION COSTS

Lift Station No. 1 Rehabilitation	\$ 715,000
Lift Station No. 1 Generator Replacement	248,000
Lift Station No. 2 Rehabilitation	445,000
Lift Station No. 2 Generator Replacement	210,000
Lift Station No. 3 Rehabilitation	293,000
Lift Station No. 3 Generator Replacement	145,000
Lift Station No. 4 Rehabilitation	231,000
Lift Station No. 4 Generator Replacement	145,000
Drainage Channel Outfall Replacement	544,686
Trail of the Lakes WWTP Improvements	955,680
HCMUD 106 Water Plant – Generator Rehabilitation	350,000
HCMUD 106 Water Plant – Generator Replacement	943,951
HCMUD 106 Water Plant – Hydropneumatic Tank Addition	364,805
Geotech and Materials Testing	122,640
Contingencies	540,872
Engineering	919,799
	919,799

Total Construction Costs **\$ 7,174,433**

NON-CONSTRUCTION COSTS

Legal Fees	\$ 206,600
Financial Advisory Fees	123,300
Capitalized Interest (12 Months) (a)	333,200
Bond Discount (a)	73,071
Bond Issuance Expense	47,730
Bond Application Report	61,557
TCEQ Fee (0.25%)	20,825
Attorney General Fee	8,330
Contingency (a)	280,954
	280,954

Total Non-Construction Costs **\$ 1,155,567**

TOTAL BOND ISSUE **\$ 8,330,000**

(a) In its order authorizing the issuance of the Bonds, the TCEQ approved a maximum of twelve (12) months of capitalized interest on the Bonds and a Bond discount of 3.00%. 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.

SERIES 2026A PARK BONDS

CONSTRUCTION COSTS

Park Improvement/Trails	\$	320,006
Geotech and Materials Testing		7,040
Contingencies		32,001
Landscape Architecture Fees		42,241
		42,241

Total Construction Costs **\$ 401,288**

NON-CONSTRUCTION COSTS

Legal Fees	\$	40,000
Financial Advisory Fees		10,000
Capitalized Interest (12 Months)(a)		17,250
Bond Discount (a)		13,249
Bond Issuance Expenses		2,269
Bond Application Report		3,443
TCEQ Fee (0.25%)		1,250
Attorney General Fee		500
Contingency (a)		10,752
		10,752

Total Non-Construction Costs **\$ 98,712**

TOTAL BOND ISSUE **\$ 500,000**

(a) In its order authorizing the issuance of the Bonds, the TCEQ approved a maximum of twelve (12) months of capitalized interest on the Bonds and a Bond discount of 3.00%. 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 the contingency line item which may be expended for uses in accordance with the rules of the TCEQ.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
11/04/2003	Water, Sanitary Sewer and Drainage Bonds	\$64,690,000	\$64,690,000	\$0
5/15/2004	Water, Sanitary Sewer and Drainage Bonds	\$59,225,000	\$14,135,000*	\$45,090,000*
5/15/2004	Recreational Bonds	\$7,400,000	\$7,400,000**	\$0**
11/04/2003	Refunding Bonds	\$50,000,000	\$3,155,000	\$46,845,000

* Includes the Series 2026 Bonds.

** Includes the Series 2026A Park Bonds.

FINANCIAL STATEMENT

2025 Taxable Assessed Valuation.....	\$1,009,591,025(a)
Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds).....	\$51,110,000
Ratios of Gross Direct Debt to:	
2025 Taxable Assessed Valuation.....	5.06%

Area of District — 851 acres
Estimated 2025 Population — 9,436 (b)

- (a) The Harris County Appraisal District (the “Appraisal District”) has certified \$972,634,954 of value as of January 1, 2025. According to the Appraisal District, the estimated final value after hearing loss of the properties remaining uncertified totals \$36,956,071. The above total represents the certified value plus estimated final value with hearing loss of the uncertified value. See “TAX PROCEDURES.”
- (b) Estimate based on 3.5 persons per occupied single-family connection.

Cash and Investment Balances (unaudited as of December 4, 2025)

General Fund	Cash and Temporary Investments	\$5,341,956
Debt Service Fund	Cash and Temporary Investments	\$3,405,863 (a)
Capital Projects Fund	Cash and Temporary Investments	\$117

- (a) Twelve (12) months of capitalized interest on each series of Bonds will be deposited into such fund from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” Neither Texas law nor any bond resolution (including the Bond Resolutions) requires the District to maintain any minimum balance in the Debt Service Fund.

Outstanding Bonds (as of November 30, 2025)

Series	Original Principal Amount	Outstanding Bonds 11/30/2025
2014	\$ 9,775,000	\$ 7,650,000
2015	2,790,000	1,540,000
2015A	(a) 6,900,000	1,900,000
2016	(b) 23,710,000	12,945,000
2017	(b) 5,915,000	3,795,000
2017A	3,490,000	2,690,000
2019	(b) 2,885,000	2,090,000
2020	(b) 4,835,000	4,075,000
2021	(b) 6,405,000	5,595,000
Total	\$ 66,705,000	\$ 42,280,000

- (a) Unlimited tax park bonds.
(b) Unlimited tax refunding bonds.

Investments of the District

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

ESTIMATED OVERLAPPING DEBT STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Harris County.....	\$ 2,257,734,736	11/30/2025	0.15%	\$ 3,318,870
Harris Co Department of Education.....	28,960,000	11/30/2025	0.15%	42,571
Harris Co Flood Control Dist.....	937,165,000	11/30/2025	0.15%	1,405,748
Harris Co Hospital Dist.....	867,820,000	11/30/2025	0.15%	1,301,730
Humble ISD.....	1,295,795,000	11/30/2025	4.61%	59,684,318
Lone Star College System.....	434,530,000	11/30/2025	0.29%	1,268,828
Port of Houston Auth.....	386,074,397	11/30/2025	0.15%	579,112
Total Estimated Overlapping Debt.....				\$ 67,601,176
The District.....	51,110,000 (a)	Current	100.00%	51,110,000
Total Direct and Estimated Overlapping Debt.....				\$ 118,711,176
Ratio of Direct and Estimated Overlapping Debt to the 2025 Taxable Assessed Valuation.....				11.76%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Tax Rates for 2025

	2025 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority).....	\$ 0.628928
Humble Independent School District.....	1.105200
Lone Star College System.....	1.060000
Total Overlapping Tax Rate.....	\$ 2.794128
The District (a).....	0.670000
Total Tax Rate.....	\$ 3.464128

(a) See “TAX DATA—Tax Rate Distribution.”

TAX DATA

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. Values shown in table below may differ throughout due to timing of reports. See "—Tax Roll Information" herein.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of November, 30, 2025 (a)	
				Amount	Percent
2020	\$ 750,156,055	\$ 0.820	\$ 6,151,280	\$ 6,140,473	99.82%
2021	787,520,347	0.780	6,142,659	6,128,586	99.77%
2022	877,190,166	0.720	6,315,769	6,300,282	99.75%
2023	966,476,707	0.672	6,495,690	6,479,943	99.76%
2024	1,010,999,428	0.652	6,587,672	6,556,846	99.53%
2025	1,009,591,025	0.670	6,764,260	(b)	(b)

(a) Reflects unaudited collections.
 (b) In process of collection. 2025 taxes are due January 31 2026.

Historical Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	\$0.4700	\$0.4500	\$0.4800	\$0.5400	\$0.6100
Maintenance and Operations	0.2000	0.2016	0.1921	0.1800	0.1700
Total	\$0.6700	\$0.6516	\$0.6721	\$0.7200	\$0.7800

Tax Rate Limitations

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

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 remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2025 in the amount of \$0.47 per \$100 of taxable assessed valuation.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On November 4, 2003, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such maintenance taxes are in addition to taxes which the District is authorized to levy for paying principal of and interest on the District's bonds. For the 2025 tax year, the District levied a tax for maintenance and operations in the amount of \$0.20 per \$100 assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2025, the District has adopted an exemption of \$10,000 of the appraised value of a residential homestead of persons who are disabled or 65 years of age or older.

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.

Summary of Assessed Valuation

The following summary of the 2025, 2024 and 2023 Taxable Assessed Valuations are provided by the District's Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2025, 2024 and 2023 tax rolls of the District. Differences in totals may vary slightly from other information herein due to differences in dates of data. An accurate breakdown related to the uncertified portion of the 2025 Taxable Assessed Valuation is not available from the Appraisal District as of the date hereof.

	2025 Taxable Valuation	2024 Taxable Valuation	2023 Taxable Valuation
Land	\$ 177,872,344	\$ 137,400,277	\$ 123,752,536
Improvements	835,125,288	912,703,897	876,004,442
Personal Property	11,243,320	12,246,926	11,156,139
Exemptions	(51,605,998)	(51,351,672)	(44,436,410)
Total Certified	\$ 972,634,954	\$ 1,010,999,428	\$ 966,476,707
Uncertified Value	36,956,071	-	-
Total	\$ 1,009,591,025	\$ 1,010,999,428	\$ 966,476,707

Principal Taxpayers

The following list of principal taxpayers was provided by the District's tax assessor/collector and represents the principal taxpayers' value as a percentage of the certified portion (\$972,634,954) of the 2025 Taxable Assessed Valuation of \$1,009,591,025. This represents ownership as of January 1, 2025. An accurate principal taxpayer list related to the uncertified portion of the 2025 Taxable Assessed Valuation is not available from the Appraisal District as of the date hereof.

<u>Taxpayer</u>	<u>Type of Property</u>	2025 Taxable Assessed Valuation	% of 2025 Taxable Assessed Valuation
Centerpoint Energy	Personal Property	\$ 5,980,260	0.61%
SWAY 2014-1 Borrower LLC	Land & Improvements	1,988,179	0.20%
FKH SFR PROPCO LP	Land & Improvements	1,777,657	0.18%
Individual	Land & Improvements	1,140,829	0.12%
Invitation Homes 7 LP	Land & Improvements	877,450	0.09%
Individual	Land & Improvements	875,212	0.09%
Individual	Land & Improvements	863,399	0.09%
Individual	Land & Improvements	825,668	0.08%
Individual	Land & Improvements	811,258	0.08%
Individual	Land & Improvements	768,540	0.08%
Total		\$ 15,908,452	1.64%

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2025 Taxable Assessed Valuation of \$1,009,591,025, no use of available funds, and utilize tax rates necessary to pay the District's average annual debt service requirements and maximum annual debt service requirements on the Outstanding Bonds and the Bonds.

Average annual debt service requirement (2026-2046)	\$3,101,058
\$0.33 tax rate on the 2025 Taxable Assessed Valuation	
of \$1,009,591,025 at a 95% collection rate produces	\$3,165,068
Maximum annual debt service requirement (2027).....	\$5,105,575
\$0.54 tax rate on the 2025 Taxable Assessed Valuation	
of \$1,009,591,025 at a 95% collection rate produces	\$5,179,202

No representation or suggestion is made that the uncertified portion of the 2025 Taxable Assessed Valuation will not be adjusted downward by the Appraisal District prior to certification, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See “TAX PROCEDURES.”

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS—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 and Security for Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See “TAX DATA—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 Central Appraisal District (the “Appraisal District”) has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris Central Appraisal Review Board (the “Appraisal Review Board”).

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. For the 2025 tax year, the District has granted a \$10,000 tax exemption on residential homesteads for persons over 65 years of age or disabled. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran’s residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran’s residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran’s exemption applied. A partially disabled veteran or

certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted before July 1. For tax year 2025, the District has not adopted a general homestead exemption.

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

Tax Abatement

Harris County or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the District, and the City of Houston (if it were to annex the District), at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt 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. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent 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 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% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

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

Tax Payment Installations After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date. Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

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 herein.

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

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

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2025." 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 two (2) years for residential and agricultural property and six (6) months for commercial property 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 "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

WATER AND SEWER 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 operation of the District's water and sewer operations are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds or the Outstanding Bonds.

Waterworks and Sewer System Operating 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 fiscal years ended March 31, 2022 through 2025 and an unaudited summary for the period ended November 30, 2025, as provided by the District's bookkeeper. Reference is made to such statements and records for further and more complete information.

	4/1/25 to 11/30/25 (a)	Fiscal Year Ended March 31			
		2025	2024	2023	2022
Revenues					
Property Taxes	\$ 21,872	\$ 2,025,327	\$ 1,837,880	\$ 1,576,514	\$ 1,342,655
Water Service	653,330	1,024,428	1,134,934	1,027,968	925,136
Sewer Service	368,825	645,071	665,181	603,590	585,918
Regional Water Authority Fees	853,527	1,361,608	1,592,743	1,512,285	1,136,208
Penalties and Interest	21,101	35,971	44,470	30,163	31,001
Miscellaneous & Investment Earnings	308,718	327,299	298,440	164,014	31,377
Total Revenues	\$ 2,227,374	\$ 5,419,704	\$ 5,573,648	\$ 4,914,534	\$ 4,052,295
Expenditures					
Professional Fees	\$ 230,342	\$ 267,858	\$ 124,893	\$ 154,652	\$ 148,717
Contracted Services	698,219	1,094,895	1,065,917	935,269	882,894
Purchased Water Service	1,564,884	2,016,055	1,882,814	1,896,952	1,354,223
Purchased Wastewater Service	434,682	397,265	468,324	364,801	394,480
Repairs and Maintenance	588,977	550,026	443,737	942,358	366,460
Utilities	139,672	226,849	209,042	198,162	197,360
Capital Outlay	129,179	481,509	133,063	475,636	298,449
Other	83,301	127,952	142,137	138,247	127,807
Total Expenditures	\$ 3,869,255	\$ 5,162,409	\$ 4,469,927	\$ 5,106,077	\$ 3,770,390
Revenues Over (Under) Expenditures	\$(1,641,881)	\$ 257,295	\$ 1,103,721	\$ (191,543)	\$ 281,905
Other Sources					
Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ 302,216
Fund Balance (Beginning of Year)	\$ 7,333,240	\$ 7,075,945	\$ 5,972,224	\$ 6,163,767	\$ 5,579,646
Fund Balance (End of Year)	\$ 5,691,359	\$ 7,333,240	\$ 7,075,945	\$ 5,972,224	\$ 6,163,767

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

DEBT SERVICE REQUIREMENTS

The following sets forth the actual debt service on the Outstanding Bonds plus the debt service on each series of the Bonds. This schedule does not reflect the fact that an amount equal to twelve (12) months of interest will be capitalized from proceeds of each series of the Bonds, respectively.

Year	Outstanding Bonds Debt Service Requirements	Plus: The Series 2026 Bonds		Plus: The Series 2026A Park Bonds		Total Debt Service Requirements
		Principal	Interest	Principal	Interest	
2026	\$ 4,794,825	-	\$ 184,186	-	\$ 9,535	\$ 4,988,546
2027	4,755,125	-	333,200	-	17,250	5,105,575
2028	4,733,450	-	333,200	-	17,250	5,083,900
2029	4,610,644	-	333,200	-	17,250	4,961,094
2030	4,301,588	-	333,200	\$ 25,000	17,250	4,677,038
2031	4,296,794	-	333,200	25,000	16,250	4,671,244
2032	4,259,938	-	333,200	25,000	15,250	4,633,388
2033	4,235,538	-	333,200	25,000	14,250	4,607,988
2034	4,086,613	-	333,200	100,000	13,500	4,533,313
2035	2,669,050	\$ 110,000	333,200	100,000	10,250	3,222,500
2036	2,632,138	110,000	328,800	100,000	7,000	3,177,938
2037	2,601,475	110,000	324,400	100,000	3,500	3,139,375
2038	1,313,550	500,000	320,000	-	-	2,133,550
2039	1,266,775	500,000	300,000	-	-	2,066,775
2040	-	1,000,000	280,000	-	-	1,280,000
2041	-	1,000,000	240,000	-	-	1,240,000
2042	-	1,000,000	200,000	-	-	1,200,000
2043	-	1,000,000	160,000	-	-	1,160,000
2044	-	1,000,000	120,000	-	-	1,120,000
2045	-	1,000,000	80,000	-	-	1,080,000
2046	-	1,000,000	40,000	-	-	1,040,000
Total	\$ 50,557,500	\$ 8,330,000	\$ 5,576,186	\$ 500,000	\$ 158,535	\$ 65,122,221

Average Annual Debt Service Requirements (2026-2046)\$3,101,058
 Maximum Annual Debt Service Requirement (2027).....\$5,105,575

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, 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 and Security for 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" herein.

Impact on District Tax Rate

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2025 Taxable Assessed Valuation of the District (see "FINANCIAL STATEMENT") is \$1,009,591,025. After issuance of the Bonds, the maximum annual debt service requirement will be \$5,105,575 (2027) and the average annual debt service requirement will be \$3,101,058 (2026-2046). Assuming no increase or decrease from the 2025 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$0.54 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$5,105,575 and a tax rate of \$0.33 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$3,101,058 (see "TAX DATA—Tax Adequacy for Debt Service"). Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2025 Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District's assessed valuation does not increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

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

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

Future Debt

The District reserves in the respective Bond Resolutions the right to issue the remaining \$45,090,000 principal amount of authorized and unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities after the issuance of the Series 2026 Bonds. The District will have no principal amount of unlimited tax bonds authorized and unissued unlimited tax bonds for the purpose of acquiring or constructing recreational facilities after the issuance of the Series 2026A Park Bonds. The District may also issue the remaining \$46,845,000 principal amount of authorized and unissued unlimited tax refunding bonds for the purpose of refunding of such bonds. The District may issue additional bonds approved by District voters in future elections. See “THE BONDS—Issuance of Additional Debt.” The issuance of such obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of Directors of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities and recreational facilities, but not road facilities, must be approved by the Commission.

Tax Collection Limitations

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

Registered Owners' Remedies and Bankruptcy Limitations

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

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 Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Continuing Compliance with Certain Covenants

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

Marketability

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

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 tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Series 2026 Bonds Initial Purchaser (as defined herein) has entered into an agreement with Build America Mutual Assurance Company (“BAM” or the “Series 2026 Insurer”) for the purchase of a municipal bond insurance policy (the “Series 2026 Policy”). At the time of entering into the agreement, the Series 2026 Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND INSURANCE—SERIES 2026 BONDS” and “APPENDIX B—BAM Specimen Municipal Bond Insurance Policy.”

The Series 2026A Park Bonds Initial Purchaser (as defined herein) has entered into an agreement with Assured Guaranty Inc. (“AG” or the “Series 2026A Park Insurer”) for the purchase of a municipal bond insurance policy (the “Series 2026A Park Policy”). At the time of entering into the agreement, the Series 2026A Park Insurer was rated “AA” (stable outlook) by S&P and “A1” by Moody’s. See “MUNICIPAL BOND INSURANCE—SERIES 2026A PARK BONDS” and “APPENDIX C—AG Specimen Municipal Bond Insurance Policy.”

The long-term ratings on the Bonds are dependent in part on the financial strength of the Series 2026 Insurer and the Series 2026A Park Insurer (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 2026 BONDS” and “MUNICIPAL BOND INSURANCE—SERIES 2026A 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 Initial Purchasers have made independent investigation into the claims paying ability of the Insurers and no assurance or representation regarding the financial strength or projected financial 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 2026 BONDS” and “MUNICIPAL BOND INSURANCE—SERIES 2026A PARK BONDS.” for further information provided by the Insurers, the Series 2026 Policy and the Series 2026A Park Policy, respectively, which includes 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,” “TAX PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish each Initial Purchaser 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.

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

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

Additional Federal Income Tax Considerations

Collateral Tax Consequences: Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited 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 (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

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

Tax Accounting Treatment of Original Issue Discount: If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “—Tax Exemption,” “—Additional Federal Income Tax Considerations—*Collateral Tax Consequences*” and “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 Initial Purchasers 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 2026 Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2026 Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Series 2026 Insurer"). S&P assigned a municipal bond insured rating of "AA" (stable outlook) and Moody's is expected to assign a municipal bond insured rating of "A1" (stable outlook) to the Series 2026A Park Bonds with the understanding that, upon issuance and delivery of the Series 2026A Park Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2026A Park Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Series 2026A Park Insurer"). Moody's Investors Service ("Moody's") has assigned an underlying rating of "A2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE—SERIES 2026 BONDS," "MUNICIPAL BOND INSURANCE—SERIES 2026A 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 organizations 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 or Moody's, 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 2026 BONDS

Series 2026 Bond Insurance Policy

Concurrently with the issuance of the Series 2026 Bonds, Build America Mutual Assurance Company ("BAM" or the "Series 2026 Insurer") will issue its municipal bond insurance policy for the Series 2026 Bonds (the "Series 2026 Policy"). The Series 2026 Policy guarantees the scheduled payment of principal of and interest on the Series 2026 Bonds when due as set forth in the form of the Series 2026 Policy included as APPENDIX B to this Official Statement.

The Series 2026 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 2026 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 2026 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2026 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 2026 Policy), and BAM does not guarantee the market price or liquidity of the Series 2026 Bonds, nor does it guarantee that the rating on the Series 2026 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 2026 Bonds or the advisability of investing in the Series 2026 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 2026 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 Initial Purchaser for the Series 2026 Bonds, and the issuer and Initial Purchaser assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2026 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2026 Bonds, whether at the initial offering or otherwise.

MUNICIPAL BOND INSURANCE—SERIES 2026A PARK BONDS

Series 2026A Park Bond Insurance Policy

Concurrently with the issuance of the Series 2026A Park Bonds, Assured Guaranty Inc. (“AG” or the “Series 2026A Park Insurer”) will issue its municipal bond insurance policy (the “Series 2026A Park Policy”) for the Series 2026A Park Bonds. The Series 2026A Park Policy guarantees the scheduled payment of principal of and interest on the Series 2026A Park Bonds when due as set forth in the form of the Series 2026A Park Policy included as APPENDIX C to this Official Statement.

The Series 2026A 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 2026A 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 2026A 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 2026A Park Bonds or the advisability of investing in the Series 2026A 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 2026A PARK BONDS."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2026 Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Stifel, Nicolaus & Co., Inc. (the "Series 2026 Bond Initial Purchaser") bearing the interest rates shown on the inside cover hereof, at a price of 99.1228% of the par value thereof which resulted in a net effective interest rate of 4.052416%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

After requesting competitive bids for the Series 2026A Park Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Raymond James & Associates Inc. (the "Series 2026A Park Bond Initial Purchaser") bearing the interest rates shown on the inside cover hereof, at a price of 97.3503% of the par value thereof which resulted in a net effective interest rate of 3.713132%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

The Series 2026 Bond Initial Purchaser and the Series 2026A Park Bond Initial Purchaser shall be referred to herein collectively as the "Initial Purchasers."

Prices and Marketability

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

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

Securities Laws

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

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

Financial Advisor

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 Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

"THE DISTRICT" –BGE, Inc. ("Engineer"), and Records of the District ("Records"); "THE SYSTEM" –Engineer; "THE PARK SYSTEM" –Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" –Records; "FINANCIAL STATEMENT" –Harris County Appraisal District and Tax Tech, Inc., Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" –Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" –Tax Tech, Inc.; "MANAGEMENT" –District Records; "DEBT SERVICE REQUIREMENTS" –Financial Advisor; "THE BONDS," "TAX PROCEDURES," and "LEGAL MATTERS" –Allen Boone Humphries Robinson LLP.

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

Consultants

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

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

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

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 Tax Tech Inc. and is included herein in reliance upon the authority of such firm as an expert in assessing and collecting taxes.

Auditor: The financial statements of the District as of March 31, 2025, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellus PLLC., Certified Public Accountants as stated in their report appearing herein. See "APPENIDX A" for a copy of the District's March 31, 2025 audited financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "WATER AND SEWER OPERATIONS" has been prepared by Myrtle Cruz, Inc. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchasers, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchasers elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchasers an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchasers; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchasers, unless the Initial Purchasers 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 the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL STATEMENT," "TAX DATA," and "DEBT SERVICE REQUIREMENTS" and in APPENDIX A (Independent Auditor's Report and Financial Statements of the District and certain supplemental schedules). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2026. Any financial statements provided by the District shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable year to the MSRB within such six-month period and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger,

consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under 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, operational 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 information only to the MSRB. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access (“EMMA”) internet portal at www.emma.msrb.org.

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 Initial Purchasers 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

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

/s/ Justin Ratley
Assistant Vice President, Board of Directors

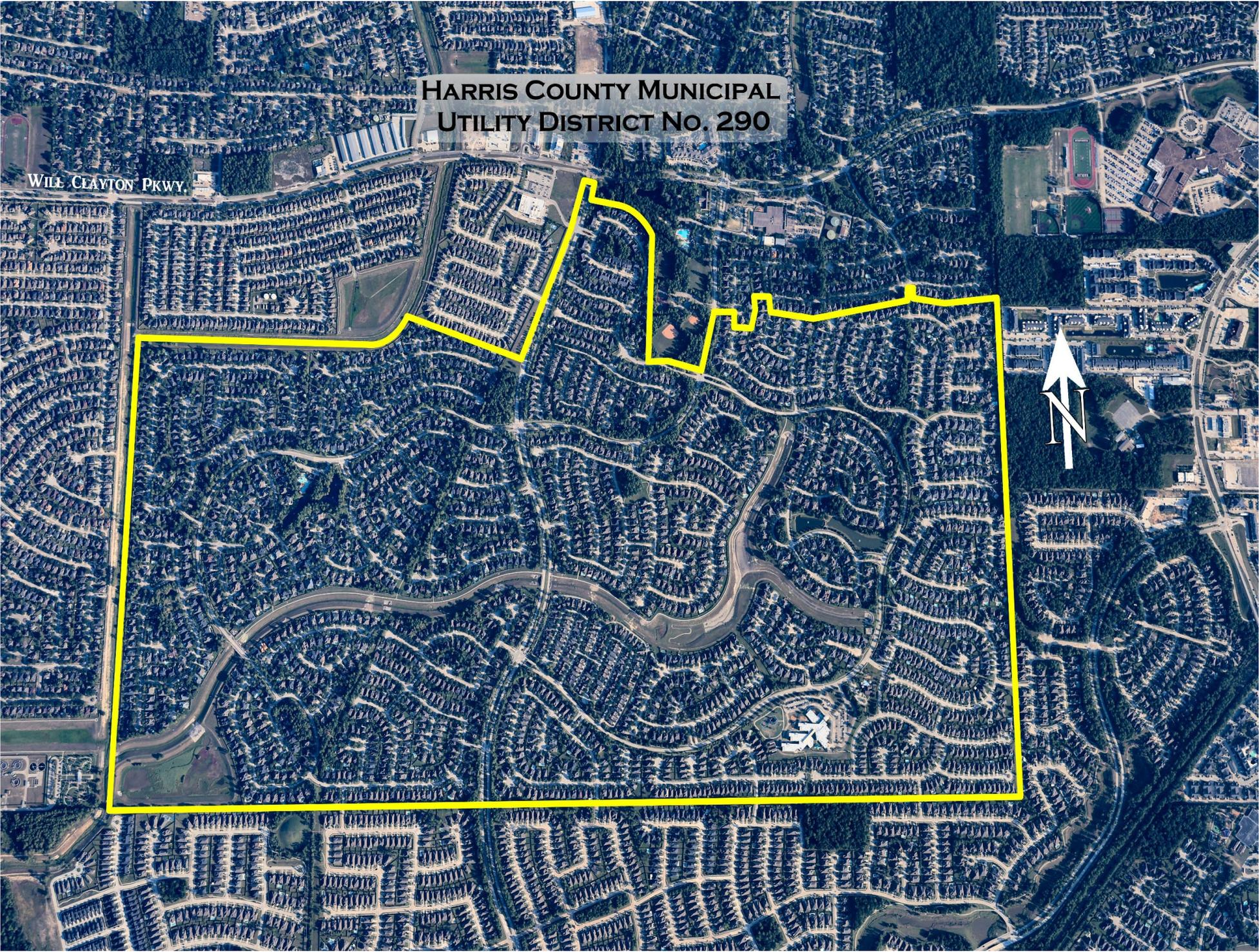
ATTEST:

/s/ Carey Kesner
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of November 2025)

**HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT No. 290**

WILE CLAYTON PKWY.



PHOTOGRAPHS OF THE DISTRICT
(As of November 2025)













APPENDIX A

**Independent Auditor's Report and Financial Statements of the District
for the Fiscal Year Ended March 31, 2025**

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2025

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 290
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 290 (the "District") as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Harris County Municipal Utility District No. 290

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

July 7, 2025

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

Management’s discussion and analysis of Harris County Municipal Utility District No. 290’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended March 31, 2025. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$10,289,721 as of March 31, 2025.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 15,991,063	\$ 15,609,718	\$ 381,345
Capital Assets (Net of Accumulated Depreciation)	39,551,037	40,780,811	(1,229,774)
Total Assets	\$ 55,542,100	\$ 56,390,529	\$ (848,429)
Deferred Outflows of Resources	\$ 1,430,731	\$ 1,574,089	\$ (143,358)
Bonds Payable	\$ 45,756,488	\$ 49,184,523	\$ 3,428,035
Other Liabilities	926,622	721,185	(205,437)
Total Liabilities	\$ 46,683,110	\$ 49,905,708	\$ 3,222,598
Net Position:			
Net Investment in Capital Assets	\$ (4,670,559)	\$ (6,730,582)	\$ 2,060,023
Restricted	7,512,749	7,598,005	(85,256)
Unrestricted	7,447,531	7,191,487	256,044
Total Net Position	\$ 10,289,721	\$ 8,058,910	\$ 2,230,811

The following table provides a summary of the District's operations for the years ended March 31, 2025, and March 31, 2024. The District's net position increased by \$2,230,811.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 6,556,273	\$ 6,496,604	\$ 59,669
Charges for Services	3,096,692	3,466,162	(369,470)
Other Revenues	623,202	610,620	12,582
Total Revenues	\$ 10,276,167	\$ 10,573,386	\$ (297,219)
Expenses for Services	8,045,356	7,737,391	(307,965)
Change in Net Position	\$ 2,230,811	\$ 2,835,995	\$ (605,184)
Net Position, Beginning of Year	8,058,910	5,222,915	2,835,995
Net Position, End of Year	\$ 10,289,721	\$ 8,058,910	\$ 2,230,811

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2025, were \$14,881,908, an increase of \$166,679 from the prior year.

The General Fund fund balance increased by \$257,295. This increase was due to service revenues and property taxes exceeding operating expenditures and capital outlay.

The Debt Service Fund fund balance decreased by \$95,736 primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$5,120.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current year. Actual revenues were \$56,633 less than budgeted revenues. Actual expenditures were \$480,815 less than budgeted. This resulted in a positive budget variance of \$424,182. See the budget to actual comparison on page 36 for further information.

CAPITAL ASSETS

Capital assets as of March 31, 2025, total \$39,551,037 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems. Capital asset events during the current fiscal year included the District's share of improvements at the Trail of the Lakes joint RAS pump project, new fence construction, and segment E trail construction.

Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 621,579	\$ 621,579	\$
Construction in Progress	474,930	801,772	(326,842)
Capital Assets, Net of Accumulated Depreciation:			
Water System	4,359,490	4,460,604	(101,114)
Wastewater System	7,903,517	8,219,222	(315,705)
Drainage System	17,839,858	17,933,421	(93,563)
Landscaping and Recreational Facilities	1,073,721	1,214,536	(140,815)
Investment in Harris County Municipal Utility District No. 106 Water Plant	4,091,614	4,322,330	(230,716)
Investment in Trail of the Lakes Wastewater Treatment Plant	3,186,328	3,207,347	(21,019)
Total Net Capital Assets	\$ 39,551,037	\$ 40,780,811	\$ (1,229,774)

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025**

LONG-TERM DEBT ACTIVITY

As of March 31, 2025, the District had total bond debt payable of \$45,780,000.

The changes in the debt position of the District during the year ended March 31, 2025, are summarized as follows:

Bond Debt Payable, April 1, 2024	\$ 49,215,000
Less: Bond Principal Paid	<u>3,435,000</u>
Bond Debt Payable, March 31, 2025	<u>\$ 45,780,000</u>

The District’s Series 2014 and 2015 bonds carry an underlying rating of “A+” and the Series 2015A Park, 2016 Refunding, 2017 Refunding, 2017A, 2019 Refunding, Series 2020 Refunding and Series 2021 Refunding bonds carry an underlying rating of “A2”. The Series 2019 Refunding and Series 2021 Refunding bonds carry an “AA/A1” rating by virtue of bond insurance issued by Assured Guaranty. The Series 2014, 2015, 2015A Park, 2016 Refunding, 2017 Refunding, 2017A and 2020 Refunding bonds carry an “AA” rating by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of March 31, 2025 and reflect all ratings changes through that date.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 290, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 443,798	\$ 137,603
Investments	6,959,516	7,342,013
Receivables:		
Property Taxes	58,067	144,330
Penalty and Interest on Delinquent Taxes		
Service Accounts	379,585	
Other	22,780	
Due from Other Funds	33,399	
Prepaid Costs	67,978	
Advance for Water Plant Operations	176,188	
Advance for Regional Wastewater Treatment Plant Operations	63,914	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 8,205,225	\$ 7,623,946
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,205,225	\$ 7,623,946

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 104,161	\$ 581,401	\$	\$ 581,401
	14,405,690		14,405,690
	202,397		202,397
		34,906	34,906
	379,585		379,585
	22,780		22,780
	33,399	(33,399)	
	67,978	56,224	124,202
	176,188		176,188
	63,914		63,914
		621,579	621,579
		474,930	474,930
		<u>38,454,528</u>	<u>38,454,528</u>
<u>\$ 104,161</u>	<u>\$ 15,933,332</u>	<u>\$ 39,608,768</u>	<u>\$ 55,542,100</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,430,731</u>	<u>\$ 1,430,731</u>
<u><u>\$ 104,161</u></u>	<u><u>\$ 15,933,332</u></u>	<u><u>\$ 41,039,499</u></u>	<u><u>\$ 56,972,831</u></u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2025

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 514,369	\$
Accrued Interest Payable		
Due to Other Governmental Units	53,956	
Due to Other Funds		33,399
Due to Taxpayers		1,710
Security Deposits	245,593	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 813,918	\$ 35,109
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 58,067	\$ 144,330
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 67,978	\$
For Water Plant Operations	176,188	
For Regional Wastewater Treatment Plant Operations	63,914	
Restricted for Authorized Construction		
Restricted for Debt Service		7,444,507
Unassigned	7,025,160	
TOTAL FUND BALANCES	\$ 7,333,240	\$ 7,444,507
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,205,225	\$ 7,623,946
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 514,369	\$	\$ 514,369
		110,994	110,994
	53,956		53,956
	33,399	(33,399)	
	1,710		1,710
	245,593		245,593
		3,500,000	3,500,000
		42,256,488	42,256,488
<u>\$ -0-</u>	<u>\$ 849,027</u>	<u>\$ 45,834,083</u>	<u>\$ 46,683,110</u>
<u>\$ -0-</u>	<u>\$ 202,397</u>	<u>\$ (202,397)</u>	<u>\$ -0-</u>
\$	\$ 67,978	\$ (67,978)	\$
	176,188	(176,188)	
	63,914	(63,914)	
104,161	104,161	(104,161)	
	7,444,507	(7,444,507)	
	7,025,160	(7,025,160)	
<u>\$ 104,161</u>	<u>\$ 14,881,908</u>	<u>\$ (14,881,908)</u>	<u>\$ - 0 -</u>
<u>\$ 104,161</u>	<u>\$ 15,933,332</u>		
		\$ (4,670,559)	\$ (4,670,559)
		7,512,749	7,512,749
		7,447,531	7,447,531
		<u>\$ 10,289,721</u>	<u>\$ 10,289,721</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2025

Total Fund Balances - Governmental Funds	\$	14,881,908
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Bond insurance premiums paid at closing are amortized over the term of the refunding bonds.		56,224
---	--	--------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		39,551,037
--	--	------------

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		1,430,731
--	--	-----------

Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		237,303
--	--	---------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (110,994)	
Bonds Payable	<u>(45,756,488)</u>	<u>(45,867,482)</u>

Total Net Position - Governmental Activities	\$	<u><u>10,289,721</u></u>
--	----	--------------------------

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 2,025,327	\$ 4,527,526
Water Service	1,024,428	
Wastewater Service	645,071	
Regional Water Authority Fees	1,361,608	
Penalty and Interest	35,971	25,174
Investment Revenues	302,687	290,773
Miscellaneous Revenues	24,612	10
	<u>\$ 5,419,704</u>	<u>\$ 4,843,483</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 267,858	\$ 5,652
Contracted Services	1,094,895	102,725
Purchased Water Service	2,016,055	
Purchased Wastewater Service	397,265	
Utilities	226,849	
Repairs and Maintenance	550,026	
Depreciation		
Other	127,952	20,829
Capital Outlay	481,509	
Debt Service:		
Bond Principal		3,435,000
Bond Interest		1,375,013
	<u>\$ 5,162,409</u>	<u>\$ 4,939,219</u>
NET CHANGE IN FUND BALANCES	<u>\$ 257,295</u>	<u>\$ (95,736)</u>
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2024	<u>7,075,945</u>	<u>7,540,243</u>
FUND BALANCES/NET POSITION - MARCH 31, 2025	<u>\$ 7,333,240</u>	<u>\$ 7,444,507</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 6,552,853	\$ 3,420	\$ 6,556,273
	1,024,428		1,024,428
	645,071		645,071
	1,361,608		1,361,608
	61,145	4,440	65,585
5,120	598,580		598,580
	24,622		24,622
\$ 5,120	\$ 10,268,307	\$ 7,860	\$ 10,276,167
\$	\$ 273,510	\$	\$ 273,510
	1,197,620		1,197,620
	2,016,055		2,016,055
	397,265		397,265
	226,849		226,849
	550,026		550,026
		1,711,283	1,711,283
	148,781		148,781
	481,509	(481,509)	
	3,435,000	(3,435,000)	
	1,375,013	148,954	1,523,967
\$ - 0 -	\$ 10,101,628	\$ (2,056,272)	\$ 8,045,356
\$ 5,120	\$ 166,679	\$ (166,679)	\$
		2,230,811	2,230,811
99,041	14,715,229	(6,656,319)	8,058,910
\$ 104,161	\$ 14,881,908	\$ (4,592,187)	\$ 10,289,721

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2025**

Net Change in Fund Balances - Governmental Funds	\$	166,679
Amounts reported for governmental activities in the Statement of Activities are different because:		
Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		3,420
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		4,440
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(1,711,283)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		481,509
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		3,435,000
Governmental funds report interest expenditures on long-term debt as expenditures in the period paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(148,954)
Change in Net Position - Governmental Activities	\$	<u>2,230,811</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 290 of Harris County, Texas (the “District”) was created effective February 13, 1985, by an Order of the Texas Water Commission presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on April 5, 1986. The District remained dormant until November 7, 2002, when the Commission confirmed the appointment of five temporary directors for the District and the District was reactivated. The District held its reorganizational meeting on December 3, 2002 and sold its first series of bonds on December 13, 2006.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District entered into a joint venture with Trail of the Lakes Municipal Utility District (“Trail of the Lakes”) and Harris County Municipal Utility District No. 292 (“District No. 292”) for wastewater disposal through the Trail of the Lakes Regional Sewage Treatment Plant (the “Plant”). Trail of the Lakes has oversight responsibility over the sewage treatment plant. Additional disclosure concerning this joint venture is provided in Note 8. In addition, the District has entered into a joint venture with Harris County Municipal Utility District No. 106 (District No. 106) for water service through the District No. 106 joint water plant. District No. 106 has oversight responsibility over the water plant. Additional disclosure concerning this joint

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

venture is provided in Note 9. The joint water plant's financial information is included in the financial statements for District No. 106. Copies of the financial statements can be obtained from the District's auditor.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets, Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the current year and taxes collected after March 31, 2025, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of March 31, 2025, the Debt Service Fund recorded a payable to the General Fund in the amount of \$32,389 for maintenance tax collections and the Debt Service Fund recorded a payable to the General Fund in the amount of \$1,010 for costs related to the Series 2017 Refunding bonds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budget amounts, if amended, compared to the actual amounts of revenues and expenditures for the current year.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended March 31, 2025:

	April 1, 2024	Additions	Retirements	March 31, 2025
Bonds Payable	\$ 49,215,000	\$	\$ 3,435,000	\$ 45,780,000
Unamortized Discounts	(260,785)		(24,383)	(236,402)
Unamortized Premiums	230,308		17,418	212,890
Total Long-Term Liabilities	\$ 49,184,523	\$ -0-	\$ 3,428,035	\$ 45,756,488
		Amount Due Within One Year		\$ 3,500,000
		Amount Due After One Year		42,256,488
		Total Long-Term Liabilities		\$ 45,756,488

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2014	Series 2015
Amount Outstanding – March 31, 2025	\$7,975,000	\$1,665,000
Interest Rates	3.00% - 4.00%	3.00% - 4.00%
Maturity Date	September 1, 2025/2039	September 1, 2025/2039
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2022*	September 1, 2022*
	Park Series 2015A	Refunding Series 2016
Amount Outstanding – March 31, 2025	\$2,400,000	\$14,285,000
Interest Rates	2.50% - 3.00%	2.50% -3.50%
Maturity Date	September 1, 2025/2029	September 1, 2025/2034
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2023*	September 1, 2023*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2014 term bonds maturing September 1, 2026 and September 1, 2039 are subject to mandatory redemption by random selection beginning September 1, 2025 and September 1, 2036, respectively. Series 2015 term bonds maturing September 1, 2025, September 1, 2027, September 1, 2030, September 1, 2033, September 1, 2036, and September 1, 2039 are subject to mandatory redemption by random selection beginning September 1, 2023, September 1, 2026, September 1, 2028, September 1, 2031, September 1, 2034, and September 1, 2037, respectively. Series 2016 Refunding term bonds maturing September 1, 2028 are subject to mandatory redemption by random selection beginning September 1, 2027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2017	Series 2017A	Refunding Series 2019
Amount Outstanding – March 31, 2025	\$4,185,000	\$2,790,000	\$2,335,000
Interest Rates	2.00% -3.125%	2.00% -3.25%	2.00% -3.00%
Maturity Date	September 1, 2025/2034	September 1, 2025/2039	September 1, 2025/2034
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2024*
	Refunding Series 2020	Refunding Series 2021	
Amount Outstanding – March 31, 2025	\$4,340,000	\$5,805,000	
Interest Rates	2.00% -4.00%	2.00% - 3.00%	
Maturity Date	September 1, 2025/2037	September 1, 2025/2037	
Interest Payment Dates	March 1/ September 1	March 1/ September 1	
Callable Dates	September 1, 2026*	September 1, 2026*	

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 3,500,000	\$ 1,285,875	\$ 4,785,875
2027	3,555,000	1,189,975	4,744,975
2028	3,615,000	1,089,288	4,704,288
2029	3,695,000	987,047	4,682,047
2030	3,675,000	883,615	4,558,615
2031-2035	18,075,000	2,834,199	20,909,199
2036-2040	9,665,000	673,463	10,338,463
	<u>\$ 45,780,000</u>	<u>\$ 8,943,462</u>	<u>\$ 54,723,462</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the fiscal year ended March 31, 2025, the District levied an ad valorem debt service tax rate of \$0.45 per \$100 of assessed valuation, which resulted in a tax levy of \$4,553,370 on the adjusted taxable valuation of \$1,011,860,036 for the 2024 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the state information depository. This information, along with the audited annual financial statements, is to be provided within six (6) months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$581,401 and the bank balance was \$1,059,481. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2025, as listed below:

	Cash
GENERAL FUND	\$ 443,798
DEBT SERVICE FUND	137,603
TOTAL DEPOSITS	\$ 581,401

Investments

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District also invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

As of March 31, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 6,959,516	\$ 6,959,516
<u>DEBT SERVICE FUND</u>		
Texas CLASS	7,342,013	7,342,013
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	104,161	104,161
TOTAL INVESTMENTS	\$ 14,405,690	\$ 14,405,690

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2025, the District’s investment in Texas CLASS was rated AAAM by Standard and Poor’s.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2025:

	April 1, 2024	Increases	Decreases	March 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 621,579	\$	\$	\$ 621,579
Construction in Progress	801,772	481,509	808,351	474,930
Total Capital Assets Not Being Depreciated	<u>\$ 1,423,351</u>	<u>\$ 481,509</u>	<u>\$ 808,351</u>	<u>\$ 1,096,509</u>
Capital Assets Subject to Depreciation				
Water System	\$ 6,956,229	\$ 125,203	\$	\$ 7,081,432
Wastewater System	13,170,220			13,170,220
Drainage System	27,684,321	546,593		28,230,914
Landscaping and Recreational Facilities	6,594,740			6,594,740
Investment in Harris County Municipal Utility District No. 106 Water Plant	7,017,287			7,017,287
Investment in Trail of the Lakes Wastewater Treatment Plant	5,510,384	136,555		5,646,939
Total Capital Assets Subject to Depreciation	<u>\$ 66,933,181</u>	<u>\$ 808,351</u>	<u>\$ - 0 -</u>	<u>\$ 67,741,532</u>
Less Accumulated Depreciation				
Water System	\$ 2,495,625	\$ 226,317	\$	\$ 2,721,942
Wastewater System	4,950,998	315,705		5,266,703
Drainage System	9,750,900	640,156		10,391,056
Landscaping and Recreational Facilities	5,380,204	140,815		5,521,019
Investment in Harris County Municipal Utility District No. 106 Water Plant	2,694,957	230,716		2,925,673
Investment in Trail of the Lakes Wastewater Treatment Plant	2,303,037	157,574		2,460,611
Total Accumulated Depreciation	<u>\$ 27,575,721</u>	<u>\$ 1,711,283</u>	<u>\$ - 0 -</u>	<u>\$ 29,287,004</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 39,357,460</u>	<u>\$ (902,932)</u>	<u>\$ - 0 -</u>	<u>\$ 38,454,528</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 40,780,811</u>	<u>\$ (421,423)</u>	<u>\$ 808,351</u>	<u>\$ 39,551,037</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 7. MAINTENANCE TAX

On November 4, 2003, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District’s waterworks and sanitary sewer system. During the fiscal year ended March 31, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.2016 per \$100 of assessed valuation, which resulted in a tax levy of \$2,039,910 on the adjusted taxable valuation of \$1,011,860,036 for the 2024 tax year.

NOTE 8. REGIONAL SEWAGE TREATMENT PLANT

On June 27, 2001, the District’s Developer, on behalf of the District, entered into the regional sewage treatment plant agreement between the District, Trail of the Lakes Municipal Utility District (“Trail of the Lakes”) and Harris County Municipal Utility District No. 292 (“District No. 292”). On August 27, 2007, District No. 292 was dissolved. On May 7, 2008, the land originally included in District No. 292 was annexed into the District.

On December 3, 2002, the District approved the assignment and acceptance of this agreement from the Developer. The regional sewage treatment plant has been constructed on the site of the existing sewage treatment plant owned and operated by Trail of the Lakes. All the capacity of the existing plant, 380,000 gallons per day (“gpd”), belongs to Trail of the Lakes. Phase I of the construction was the construction of a 760,000 gpd sewage treatment plant.

After completion of Phase I, Trail of the Lakes evaluated its previously existing sewage treatment plant to determine if the plant should be rehabilitated or abandoned. Trail of the Lakes determined to rehabilitate the existing plant and the cost was borne exclusively by Trail of the Lakes. The existing plant was then integrated with the Phase I construction. The total plant capacity upon completion of Phase I was 1,140,000 gpd.

On January 29, 2007, Trail of the Lakes and the District entered into an agreement to construct Phase II of the plant. Phase II was for the construction of an additional 610,000 gpd of capacity in the plant. Phase II was completed in September 2008. Upon completion of Phase II, the total plant capacity is now 1,750,000 gpd.

The participating districts and their respective pro rata share of capacity in the regional sewage treatment plant after completion of Phase I and II and the integration of the previously existing plant is:

Participants	Percentage
Trail of the Lakes Municipal Utility District	52.00%
The District	<u>48.00</u>
TOTAL	<u>100.00%</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 8. REGIONAL SEWAGE TREATMENT PLANT (Continued)

The agreement provides for an operating reserve of which the District’s share is \$63,914 as of March 31, 2025. All operating costs of the Plant are billed monthly based upon fixed and variable costs. Fixed costs are billed based upon owned capacity and variable costs are billed based upon each participant’s number of connections. During the year ended March 31, 2025, the District incurred \$397,265 of costs related to this agreement.

The following summary financial data on the regional sewage treatment plant is presented for the fiscal year ended September 30, 2024. A copy of the financial statements for the plant can be obtained by contacting Radcliff Adams Barner PLLC at 2929 Allen Parkway, Suite 3450, Houston, TX 77019.

	Joint Venture
	General Fund
Total Assets	\$ 330,577
Total Liabilities	<u>197,776</u>
Total Fund Balance	<u>\$ 132,801</u>
Total Revenues	\$ 854,551
Total Expenditures	<u>854,551</u>
Net Change in Fund Balance	\$ -0-
Fund Balance, October 1, 2023	<u>132,801</u>
Fund Balance, September 30, 2024	<u>\$ 132,801</u>

The term of the agreement is 50 years; thereafter, the agreement shall be renewed for successive one-year terms unless a participating district provides written notice to the other of its intent not to renew prior to any renewal term.

NOTE 9. WATER SUPPLY CONTRACT

On July 24, 2006, the District entered into an Amended and Restated Water Supply Agreement with Harris County Municipal Utility District No. 106 (District No. 106). The agreement is effective as of June 25, 2003. This agreement replaced the original Water Supply Agreement entered into on June 25, 2003, and all the amendments to that original agreement. Amendment No. 1 to the Amended and Restated Water Supply Agreement became effective January 28, 2013. Amendment No. 2 to the Amended and Restated Water Supply Agreement became effective August 7, 2015. Amendment No. 3 to the Amended and Restated Water Supply Agreement became effective July 15, 2015. The districts acknowledge that District No. 106 has financed the design and construction of certain shared lines and may finance the design and construction of other water plant facilities. From future bond issues, and to the extent the

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 9. WATER SUPPLY CONTRACT (Continued)

District has not yet paid its full pro rata share of the total costs, the District agrees to reimburse District No. 106 for its pro rata share of the existing water plant and any shared lines. On August 23, 2013, District No. 106 awarded the contract for Water Well No. 3 to Alsay Incorporated in the amount of \$1,984,360. The revised contract amount is \$2,002,201. This project was completed in a prior fiscal year. A calculation was performed as of March 31, 2016, and it was determined that the District still owed District No. 106 \$804,906 to meet its full pro rata share of the total costs. During a prior fiscal year, the District paid this amount to District No. 106. These costs and any other future improvements have or will be allocated 37.07% to District No. 106 and 62.93% to the District. Each district will be responsible for the construction, operation, maintenance and repair and extensions of their respective internal water distribution system.

The agreement provides for an operating reserve which currently is \$279,975, with the District's share being \$176,188 and District No. 106's share being \$103,787. Each district will be billed monthly for operations and maintenance of the water plant based upon its proportionate share of costs. Proportionate share is equal to the amount of water used by each individual district, divided by the total amount of water billed by both districts, using the well meters to calculate total water pumped and all connection meters to calculate the total water used. The operators of each district shall calculate such usage from meters, taking into account estimated unaccounted for water. During the fiscal year ended March 31, 2025, the District incurred costs of \$2,016,055 in relation to this agreement which includes \$1,315,453 related to pumpage fees as discussed in Note 12.

Summary financial activities of the plant as of March 31, 2025 and for the year then ended are as follows:

Total Assets	\$ 325,358
Total Liabilities	<u>45,383</u>
Total Fund Balance	<u>\$ 279,975</u>
Total Revenues	\$ 1,108,740
Total Expenditures	<u>1,108,740</u>
Excess of Revenues Over Expenditures	\$ -0-
Other Financing Use – Decrease in Operating Reserves	<u>(190,421)</u>
Net Change in Fund Balance	\$ (190,421)
Fund Balance – April 1, 2024	<u>470,396</u>
Fund Balance – March 31, 2025	<u>\$ 279,975</u>

The term of the agreement is 50 years. If neither district is annexed by the City of Houston by the end of the initial term, this agreement shall renew for successive one-year terms until terminated by either district on one-year notice to the other.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, property coverage, boiler and machinery coverage, pollution liability, auto liability, and directors' and officers' liability coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11. EMERGENCY WATER SUPPLY CONTRACTS

Since 1999, the District, District No. 106 and Harris County Municipal Utility District No. 278 (District No. 278) had an Interim and Emergency Water Supply Contract which was terminated in a prior fiscal year. On February 8, 2007, this contract was amended and restated to become the Amended and Restated Emergency Water Supply Contract. The term of this agreement is 30 years. During a prior fiscal year, the First Amendment to Amended and Restated Emergency Water Supply Contract was approved, which suspended this agreement due to District No. 278 converting to a chloramine disinfection system, which is not compatible with the Eagle Springs regional water disinfection system.

On July 12, 2000, District No. 106 entered into an Emergency Water Supply Contract with Harris County Municipal Utility District No. 46 (District No. 46). District No. 106 was responsible for all costs associated with construction of the water line to connect District No. 106's system to District No. 46's system. The rates to be charged by each district for emergency water service shall be equal to one hundred percent (100%) of the then existing rates for residential customers within the supplying district, with the receiving district being considered as one single-family unit for purposes of determining the rate to be charged regardless of the actual number of connections within the receiving district. The term of this agreement is twenty (20) years from the date of connection of District No. 106's water supply and distribution system to District No. 46's system (August 14, 2001) but may be terminated by either party on 360 days written notice to the other party on any date after the fifth (5th) anniversary thereof. The term of the agreement has expired and has not been renewed to date.

On November 18, 2015, the District, District No. 106 and Trail of the Lakes entered into an Emergency Water Supply Agreement. Trail of the Lakes was responsible for the construction of the waterline extension between their water system and the Joint Water System. Shared construction costs were divided with 50% paid by Trail of the Lakes and 50% paid by the District and District No. 106. The rates to be charged by each district for emergency water service shall be \$1.50, plus the applicable West Harris County Regional Water Authority ground pumpage fee per 1,000 gallons of water delivered. The term of this agreement is 40 years from the date of execution.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 12. GROUNDWATER REDUCTION PLAN PARTICIPATION AGREEMENT

On April 30, 2002, District No. 106 entered into a Groundwater Reduction Plan Participation Agreement with the West Harris County Regional Water Authority (the “Authority”). Amendment No. 1 to the agreement was approved on August 11, 2004, whereby the District and District No. 292 were added as parties to the agreement. As noted in Note 8, District No. 292 has been dissolved and the land originally included in District No. 292 has been annexed into the District. The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the “Act”), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that its participants comply with subsidence district pumpage requirements. The term of this agreement is for forty years.

The District is considered a “Contract Member” of the Authority. The District does not lie within the Authority’s boundaries and is not entitled to vote for any director of the Authority. The District agrees to pay the Authority a water well pumpage fee, based on the amount of water pumped from all well(s) owned and operated by the District. This fee will enable the Authority to fulfill its purpose and regulatory functions. The current fee being charged is \$3.95 per 1,000 gallons of water pumped from each well. In August 2022, District No. 106 began paying the Authority fees from its General Fund and billing the District for its share of these costs. Total current year expenditures related to the pumpage fees applicable to the District were \$1,315,453.

NOTE 13. SECURITY SERVICES COST SHARING AGREEMENT

Effective March 1, 2019, the District entered into a new cost sharing agreement for Law Enforcement Services with District No. 106 for the 12-month period March 1, 2019 through February 29, 2020. Effective March 1, 2020, the District entered into an amended and restated agreement for the 12-month period March 1, 2020 through February 28, 2021. Effective March 1, 2021, the District entered into an amended and restated agreement for the 12-month period March 1, 2021 through February 28, 2022. Effective March 1, 2022, the District entered into an amended and restated contract for the 7-month period March 1, 2022 through September 30, 2022. Effective October 1, 2022, the District entered into an amended and restated contract for the 12-month period October 1, 2022 through September 30, 2023. Effective October 1, 2023, the District entered into an amended and restated contract for the 12-month period October 1, 2023 through September 30, 2024. Effective October 1, 2024, the District entered into an amended and restated contract for the 12-month period October 1, 2024 through September 30, 2025. The agreement can be terminated without cause at any time by any party giving the other parties at least 60 days advance written notice. District No. 106 paid costs of \$547,982 for security services. The District’s share of these costs was \$273,991.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

NOTE 14. INTERLOCAL AGREEMENT

On April 26, 2016, the District entered into an agreement with the Harris County Flood Control District (“HCFCF”). The District will provide mowing services for approximately 18.693 acres of HCFCF land located within, adjacent to or downstream from the District. Mowing services are to be provided at least three times per growing season which is defined as the period from May 1 to November 30. The contract ended on November 30, 2018. On March 26, 2019, the District and HCFCF entered into a new agreement for an additional three-year term. The terms of the contract allow for billing \$82.21 per acre per mowing cycle, not to exceed \$13,831 for the three-year term of the contract. On April 26, 2022, the District and HCFCF entered into a new agreement for an additional five-year term. The terms of the contract allow for billing \$113.00 per acre per mowing cycle, not to exceed \$31,685 for the five-year term of the contract. The new agreement ends November 30, 2026. The District received \$6,337 in the current year related to this contract.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,825,000	\$ 2,025,327	\$ 200,327
Water Service	1,178,000	1,024,428	(153,572)
Wastewater Service	632,000	645,071	13,071
Regional Water Authority Fee	1,600,000	1,361,608	(238,392)
Penalty and Interest	35,000	35,971	971
Investment Revenues	200,000	302,687	102,687
Miscellaneous Revenues	6,337	24,612	18,275
TOTAL REVENUES	\$ 5,476,337	\$ 5,419,704	\$ (56,633)
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 158,000	\$ 267,858	\$ (109,858)
Contracted Services	1,121,000	1,094,895	26,105
Purchased Water Service	1,997,500	2,016,055	(18,555)
Purchased Wastewater Service	559,500	397,265	162,235
Utilities	210,000	226,849	(16,849)
Repairs and Maintenance	584,440	550,026	34,414
Other	184,000	127,952	56,048
Capital Outlay	828,784	481,509	347,275
TOTAL EXPENDITURES	\$ 5,643,224	\$ 5,162,409	\$ 480,815
NET CHANGE IN FUND BALANCE	\$ (166,887)	\$ 257,295	\$ 424,182
FUND BALANCE - APRIL 1, 2024	7,075,945	7,075,945	
FUND BALANCE - MARCH 31, 2025	\$ 6,909,058	\$ 7,333,240	\$ 424,182

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
MARCH 31, 2025

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2025**

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8” METER (OR EQUIVALENT):

Based on the rate order approved January 26, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons</u>	<u>Usage Levels</u>
WATER:	\$ 20.00	N/A	N	\$ 1.05	0 to 11,000
				\$ 1.30	11,001 to 14,000
				\$ 1.55	14,001 to 17,000
				\$ 1.80	17,001 to 20,000
				\$ 2.80	20,001 to 25,000
				\$ 3.05	25,001 to 30,000
				\$ 3.30	30,001 and up
WASTEWATER:	\$ 20.00	N/A	Y		
SURCHARGE:					
Solid Waste/					
Garbage					
Commission					
Regulatory					
Assessments					
Regional Water			N	\$ 4.27	Each 1,000 gallons over
Authority Fees					-0- usage
Other (Name)					

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$30.50 Wastewater: \$20.00 Surcharge: \$42.70

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2025

PROFESSIONAL FEES:	
Auditing	\$ 18,000
Engineering	71,847
Legal	178,011
TOTAL PROFESSIONAL FEES	<u>\$ 267,858</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 2,016,055
Purchased Wastewater Service	397,265
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 2,413,320</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 26,263
Operations and Billing	96,686
Solid Waste Disposal	697,955
Security	273,991
TOTAL CONTRACTED SERVICES	<u>\$ 1,094,895</u>
UTILITIES	<u>\$ 226,849</u>
REPAIRS AND MAINTENANCE	<u>\$ 550,026</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 9,061
Dues	750
Insurance	14,071
Office Supplies and Postage	50,419
Travel and Meetings	1,253
Regulatory Assessment	7,914
Other	7,577
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 91,045</u>
CAPITAL OUTLAY	<u>\$ 481,509</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 18,481
Permit Fees	14,199
Reconnection Fees	3,990
Inspection Fees	237
TOTAL OTHER EXPENDITURES	<u>\$ 36,907</u>
TOTAL EXPENDITURES	<u>\$ 5,162,409</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
INVESTMENTS
MARCH 31, 2025**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 6,959,516	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0004	Varies	Daily	\$ 7,342,013	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 104,161	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 14,405,690</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2025

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE -			
APRIL 1, 2024	\$ 53,506		\$ 145,471
Adjustments to Beginning			
Balance	<u>(10,022)</u>	\$ 43,484	<u>(26,985)</u> \$ 118,486
Original 2024 Tax Levy	\$ 1,968,301		\$ 4,393,530
Adjustment to 2024 Tax Levy	<u>71,609</u>	<u>2,039,910</u>	<u>159,840</u> <u>4,553,370</u>
TOTAL TO BE			
ACCOUNTED FOR		\$ 2,083,394	\$ 4,671,856
TAX COLLECTIONS:			
Prior Years	\$ 26,950		\$ 66,863
Current Year	<u>1,998,377</u>	<u>2,025,327</u>	<u>4,460,663</u> <u>4,527,526</u>
TAXES RECEIVABLE -			
MARCH 31, 2025		<u>\$ 58,067</u>	<u>\$ 144,330</u>
TAXES RECEIVABLE BY			
YEAR:			
2024		\$ 41,533	\$ 92,707
2023		5,811	14,520
2022		3,872	11,615
2021		3,578	12,838
2020		2,240	8,566
2019		1,016	3,945
2017		<u>17</u>	<u>139</u>
TOTAL		<u>\$ 58,067</u>	<u>\$ 144,330</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	\$ 137,400,277	\$ 123,752,265	\$ 124,275,203	\$ 124,133,648
Improvements	912,578,162	876,142,988	779,696,016	682,568,126
Personal Property	12,263,823	11,180,846	12,895,350	7,036,962
Exemptions	<u>(50,382,226)</u>	<u>(41,509,760)</u>	<u>(36,287,159)</u>	<u>(25,165,607)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,011,860,036</u>	<u>\$ 969,566,339</u>	<u>\$ 880,579,410</u>	<u>\$ 788,573,129</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.4500	\$ 0.4800	\$ 0.54	\$ 0.61
Maintenance	<u>0.2016</u>	<u>0.1921</u>	<u>0.18</u>	<u>0.17</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.6516</u>	<u>\$ 0.6721</u>	<u>\$ 0.72</u>	<u>\$ 0.78</u>
ADJUSTED TAX LEVY*	<u>\$ 6,593,280</u>	<u>\$ 6,516,455</u>	<u>\$ 6,340,172</u>	<u>\$ 6,150,870</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.96 %</u>	<u>99.69 %</u>	<u>99.76 %</u>	<u>99.73 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on November 4, 2003.

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 325,000	\$ 280,719	\$ 605,719
2027	350,000	270,594	620,594
2028	375,000	259,719	634,719
2029	400,000	247,844	647,844
2030	425,000	234,687	659,687
2031	450,000	220,469	670,469
2032	475,000	205,140	680,140
2033	500,000	188,374	688,374
2034	500,000	170,874	670,874
2035	525,000	152,937	677,937
2036	600,000	132,875	732,875
2037	650,000	109,000	759,000
2038	700,000	82,000	782,000
2039	850,000	51,000	901,000
2040	850,000	17,000	867,000
	<u>\$ 7,975,000</u>	<u>\$ 2,623,232</u>	<u>\$ 10,598,232</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 125,000	\$ 56,931	\$ 181,931
2027	125,000	53,025	178,025
2028	125,000	48,962	173,962
2029	125,000	44,822	169,822
2030	125,000	40,603	165,603
2031	125,000	36,384	161,384
2032	115,000	32,263	147,263
2033	100,000	28,500	128,500
2034	100,000	25,000	125,000
2035	100,000	21,375	121,375
2036	100,000	17,625	117,625
2037	100,000	13,875	113,875
2038	100,000	10,000	110,000
2039	100,000	6,000	106,000
2040	100,000	2,000	102,000
	<u>\$ 1,665,000</u>	<u>\$ 437,365</u>	<u>\$ 2,102,365</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

SERIES - 2015 A PARK

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 500,000	\$ 62,000	\$ 562,000
2027	500,000	48,875	548,875
2028	500,000	34,500	534,500
2029	500,000	19,500	519,500
2030	400,000	6,000	406,000
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	<u>\$ 2,400,000</u>	<u>\$ 170,875</u>	<u>\$ 2,570,875</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 1,340,000	\$ 421,175	\$ 1,761,175
2027	1,360,000	385,725	1,745,725
2028	1,385,000	346,250	1,731,250
2029	1,420,000	304,175	1,724,175
2030	1,460,000	260,975	1,720,975
2031	1,490,000	216,725	1,706,725
2032	1,520,000	169,675	1,689,675
2033	1,560,000	119,625	1,679,625
2034	1,580,000	67,612	1,647,612
2035	1,170,000	20,475	1,190,475
2036			
2037			
2038			
2039			
2040			
	<u>\$ 14,285,000</u>	<u>\$ 2,312,412</u>	<u>\$ 16,597,412</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

SERIES - 2017 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 390,000	\$ 109,862	\$ 499,862
2027	395,000	101,518	496,518
2028	385,000	92,744	477,744
2029	380,000	83,662	463,662
2030	370,000	73,825	443,825
2031	390,000	62,888	452,888
2032	405,000	50,963	455,963
2033	400,000	38,888	438,888
2034	440,000	26,288	466,288
2035	630,000	9,844	639,844
2036			
2037			
2038			
2039			
2040			
	<u>\$ 4,185,000</u>	<u>\$ 650,482</u>	<u>\$ 4,835,482</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

S E R I E S - 2 0 1 7 A				
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 100,000	\$ 85,050	\$	185,050
2027	100,000	82,050		182,050
2028	100,000	79,050		179,050
2029	100,000	76,050		176,050
2030	100,000	73,050		173,050
2031	200,000	68,550		268,550
2032	200,000	62,550		262,550
2033	200,000	56,550		256,550
2034	200,000	50,550		250,550
2035	200,000	44,425		244,425
2036	250,000	37,393		287,393
2037	250,000	29,581		279,581
2038	250,000	21,613		271,613
2039	270,000	13,163		283,163
2040	270,000	4,388		274,388
	\$ 2,790,000	\$ 784,013	\$	3,574,013

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

SERIES - 2019 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 245,000	\$ 57,738	\$ 302,738
2027	240,000	52,888	292,888
2028	240,000	47,938	287,938
2029	235,000	42,744	277,744
2030	230,000	37,225	267,225
2031	225,000	30,975	255,975
2032	225,000	24,225	249,225
2033	220,000	17,550	237,550
2034	240,000	10,650	250,650
2035	235,000	3,525	238,525
2036			
2037			
2038			
2039			
2040			
	<u>\$ 2,335,000</u>	<u>\$ 325,458</u>	<u>\$ 2,660,458</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

SERIES - 2020 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 265,000	\$ 95,250	\$ 360,250
2027	275,000	84,450	359,450
2028	295,000	74,525	369,525
2029	305,000	67,050	372,050
2030	315,000	60,850	375,850
2031	320,000	54,500	374,500
2032	335,000	47,950	382,950
2033	345,000	41,150	386,150
2034	355,000	34,150	389,150
2035	365,000	26,950	391,950
2036	380,000	19,500	399,500
2037	385,000	11,850	396,850
2038	400,000	4,000	404,000
2039			
2040			
	<u>\$ 4,340,000</u>	<u>\$ 622,175</u>	<u>\$ 4,962,175</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

SERIES - 2021 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 210,000	\$ 117,150	\$ 327,150
2027	210,000	110,850	320,850
2028	210,000	105,600	315,600
2029	230,000	101,200	331,200
2030	250,000	96,400	346,400
2031	270,000	91,200	361,200
2032	290,000	85,600	375,600
2033	310,000	79,600	389,600
2034	305,000	73,450	378,450
2035	460,000	65,800	525,800
2036	1,050,000	50,700	1,100,700
2037	1,020,000	30,000	1,050,000
2038	990,000	9,900	999,900
2039			
2040			
	<u>\$ 5,805,000</u>	<u>\$ 1,017,450</u>	<u>\$ 6,822,450</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2025

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 3,500,000	\$ 1,285,875	\$ 4,785,875
2027	3,555,000	1,189,975	4,744,975
2028	3,615,000	1,089,288	4,704,288
2029	3,695,000	987,047	4,682,047
2030	3,675,000	883,615	4,558,615
2031	3,470,000	781,691	4,251,691
2032	3,565,000	678,366	4,243,366
2033	3,635,000	570,237	4,205,237
2034	3,720,000	458,574	4,178,574
2035	3,685,000	345,331	4,030,331
2036	2,380,000	258,093	2,638,093
2037	2,405,000	194,306	2,599,306
2038	2,440,000	127,513	2,567,513
2039	1,220,000	70,163	1,290,163
2040	1,220,000	23,388	1,243,388
	<u>\$ 45,780,000</u>	<u>\$ 8,943,462</u>	<u>\$ 54,723,462</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2025

Description	Original Bonds Issued	Bonds Outstanding April 1, 2024
Harris County Municipal Utility District No. 290 Unlimited Tax Bonds - Series 2014	\$ 9,775,000	\$ 8,275,000
Harris County Municipal Utility District No. 290 Unlimited Tax Bonds - Series 2015	2,790,000	1,790,000
Harris County Municipal Utility District No. 290 Unlimited Tax Park Bonds - Series 2015A	6,900,000	2,900,000
Harris County Municipal Utility District No. 290 Unlimited Tax Refunding Bonds - Series 2016	23,710,000	15,595,000
Harris County Municipal Utility District No. 290 Unlimited Tax Refunding Bonds - Series 2017	5,915,000	4,575,000
Harris County Municipal Utility District No. 290 Unlimited Tax Bonds - Series 2017A	3,490,000	2,890,000
Harris County Municipal Utility District No. 290 Unlimited Tax Refunding Bonds - Series 2019	2,885,000	2,580,000
Harris County Municipal Utility District No. 290 Unlimited Tax Refunding Bonds - Series 2020	4,835,000	4,590,000
Harris County Municipal Utility District No. 290 Unlimited Tax Refunding Bonds - Series 2021	<u>6,405,000</u>	<u>6,020,000</u>
TOTAL	<u>\$ 66,705,000</u>	<u>\$ 49,215,000</u>

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding March 31, 2025	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 300,000	\$ 290,094	\$ 7,975,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	125,000	60,681	1,665,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	500,000	74,500	2,400,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	1,310,000	452,663	14,285,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	390,000	117,662	4,185,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	100,000	87,550	2,790,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	245,000	63,863	2,335,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	250,000	105,550	4,340,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	215,000	122,450	5,805,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>\$ - 0 -</u>	<u>\$ 3,435,000</u>	<u>\$ 1,375,013</u>	<u>\$ 45,780,000</u>		

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2025

Bond Authority:	<u>Water and Sewer Bonds *</u>	<u>Refunding Bonds</u>	<u>Park Bonds</u>
Amount Authorized by Voters	\$ 123,915,000	\$ 50,000,000	\$ 7,400,000
Amount Issued	<u>70,495,000</u>	<u>3,155,000</u>	<u>6,900,000</u>
Remaining to be Issued	<u>\$ 53,420,000</u>	<u>\$ 46,845,000</u>	<u>\$ 500,000</u>
Debt Service Fund cash and investments balances as of March 31, 2025:			<u>\$ 7,479,616</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 3,648,231</u>

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 2,025,327	\$ 1,837,880	\$ 1,576,514
Water Service	1,024,428	1,134,934	1,027,968
Wastewater Service	645,071	665,181	603,590
Regional Water Authority Fee	1,361,608	1,592,743	1,512,285
Penalty and Interest	35,971	44,470	30,163
Investment Revenues	302,687	276,130	147,095
Miscellaneous Revenues	24,612	22,310	16,919
TOTAL REVENUES	\$ 5,419,704	\$ 5,573,648	\$ 4,914,534
EXPENDITURES			
Professional Fees	\$ 267,858	\$ 124,893	\$ 154,652
Contracted Services	1,094,895	1,065,917	935,269
Purchased Water Service	2,016,055	1,882,814	1,896,952
Purchased Wastewater Service	397,265	468,324	364,801
Utilities	226,849	209,042	198,162
Repairs and Maintenance	550,026	443,737	942,358
Other	127,952	142,137	138,247
Capital Outlay	481,509	133,063	475,636
TOTAL EXPENDITURES	\$ 5,162,409	\$ 4,469,927	\$ 5,106,077
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 257,295	\$ 1,103,721	\$ (191,543)
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 257,295	\$ 1,103,721	\$ (191,543)
BEGINNING FUND BALANCE	7,075,945	5,972,224	6,163,767
ENDING FUND BALANCE	\$ 7,333,240	\$ 7,075,945	\$ 5,972,224

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
\$ 1,342,655	\$ 1,268,135	37.4 %	33.0 %	32.2 %	33.2 %	30.8 %
925,136	985,204	18.8	20.3	20.8	22.7	23.8
585,918	587,724	11.9	11.9	12.3	14.5	14.3
1,136,208	1,195,701	25.1	28.6	30.8	28.0	29.0
31,001	25,510	0.7	0.8	0.6	0.8	0.6
4,491	21,883	5.6	5.0	3.0	0.1	0.5
26,886	39,334	0.5	0.4	0.3	0.7	1.0
<u>\$ 4,052,295</u>	<u>\$ 4,123,491</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 148,717	\$ 228,979	4.9 %	2.2 %	3.1 %	3.7 %	5.6 %
882,894	849,067	20.2	19.1	19.0	21.8	20.6
1,354,223	1,577,844	37.2	33.8	38.6	33.4	38.3
394,480	325,573	7.3	8.4	7.4	9.7	7.9
197,360	194,348	4.2	3.8	4.0	4.9	4.7
366,460	665,322	10.1	8.0	19.2	9.0	16.1
127,807	146,522	2.4	2.6	2.8	3.2	3.6
298,449	158,297	8.9	2.4	9.7	7.4	3.8
<u>\$ 3,770,390</u>	<u>\$ 4,145,952</u>	<u>95.2 %</u>	<u>80.3 %</u>	<u>103.8 %</u>	<u>93.1 %</u>	<u>100.6 %</u>
<u>\$ 281,905</u>	<u>\$ (22,461)</u>	<u>4.8 %</u>	<u>19.7 %</u>	<u>(3.8) %</u>	<u>6.9 %</u>	<u>(0.6) %</u>
<u>\$ 302,216</u>	<u>\$ 68,371</u>					
\$ 584,121	\$ 45,910					
<u>5,579,646</u>	<u>5,533,736</u>					
<u>\$ 6,163,767</u>	<u>\$ 5,579,646</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 4,527,526	\$ 4,599,752	\$ 4,740,093
Penalty and Interest	25,174	20,204	22,917
Interest on Investments	<u>290,773</u>	<u>307,232</u>	<u>147,231</u>
TOTAL REVENUES	<u>\$ 4,843,483</u>	<u>\$ 4,927,188</u>	<u>\$ 4,910,241</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 123,431	\$ 109,429	\$ 125,561
Debt Service Principal	3,435,000	3,345,000	3,290,000
Debt Service Interest and Fees	1,380,788	1,466,378	1,543,294
Transfer to Refunding Bond Escrow Agent			
Bond Issuance Costs			
TOTAL EXPENDITURES	<u>\$ 4,939,219</u>	<u>\$ 4,920,807</u>	<u>\$ 4,958,855</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (95,736)</u>	<u>\$ 6,381</u>	<u>\$ (48,614)</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$	\$	\$
Transfer to Refunding Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ (95,736)	\$ 6,381	\$ (48,614)
BEGINNING FUND BALANCE	<u>7,540,243</u>	<u>7,533,862</u>	<u>7,582,476</u>
ENDING FUND BALANCE	<u>\$ 7,444,507</u>	<u>\$ 7,540,243</u>	<u>\$ 7,533,862</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,816</u>	<u>2,815</u>	<u>2,824</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,702</u>	<u>2,716</u>	<u>2,709</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
\$ 4,816,397	\$ 4,849,321	93.5 %	93.4 %	96.5 %	99.3 %	98.9 %
28,514	27,211	0.5	0.4	0.5	0.6	0.6
5,577	23,248	6.0	6.2	3.0	0.1	0.5
<u>\$ 4,850,488</u>	<u>\$ 4,899,780</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 116,371	\$ 119,893	2.5 %	2.2 %	2.6 %	2.4 %	2.4 %
3,185,000	3,105,000	70.9	67.9	67.0	65.7	63.4
1,584,498	1,796,028	28.5	29.8	31.4	32.7	36.7
80,000	50,000				1.6	1.0
244,036	188,396				5.0	3.8
<u>\$ 5,209,905</u>	<u>\$ 5,259,317</u>	<u>101.9 %</u>	<u>99.9 %</u>	<u>101.0 %</u>	<u>107.4 %</u>	<u>107.3 %</u>
<u>\$ (359,417)</u>	<u>\$ (359,537)</u>	<u>(1.9) %</u>	<u>0.1 %</u>	<u>(1.0) %</u>	<u>(7.4) %</u>	<u>(7.3) %</u>
\$ 6,405,000	\$ 4,835,000					
(6,298,307)	(4,786,339)					
142,407	144,802					
<u>\$ 249,100</u>	<u>\$ 193,463</u>					
\$ (110,317)	\$ (166,074)					
7,692,793	7,858,867					
<u>\$ 7,582,476</u>	<u>\$ 7,692,793</u>					
<u>2,819</u>	<u>2,809</u>					
<u>2,705</u>	<u>2,684</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2025**

District Mailing Address - Harris County Municipal Utility District No. 290
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended March 31, 2025	Expense Reimbursements for the year ended March 31, 2025	Title
Michelle Dueitt	05/2024 05/2028 (Elected)	\$ 2,210	\$ 306	President
Joshua Stibrich	05/2024 05/2028 (Elected)	\$ 2,210	\$ 305	Vice President
Steven Humphrey	05/2022 12/2024 (Resigned)	\$ 884	\$ 134	Assistant Vice President
Carey Kesner	05/2022 05/2026 (Elected)	\$ 2,210	\$ 306	Secretary
Ginger Salas	05/2022 05/2026 (Elected)	\$ 1,547	\$ 203	Assistant Secretary

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

Submission date of most recent District Registration Form: May 23, 2024

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

See accompanying independent auditor’s report.

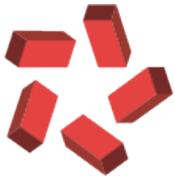
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 290
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2025

Consultants:	<u>Date Hired</u>	<u>Fees / Compensation for the year ended March 31, 2025</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/26/03	\$ 160,973	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	08/27/03	\$ 18,000	Auditor
Myrtle Cruz, Inc.	04/30/08	\$ 28,541	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/24/04	\$ 5,652	Delinquent Tax Attorney
BGE, Inc.	03/01/13	\$ 79,758	Engineer
Masterson Advisors LLC	04/26/18	\$ -0-	Financial Advisor
Mary Jarmon	11/21/13	\$ -0-	Investment Officer
Municipal Operations & Consulting	03/15/13	\$ 470,261	Operator
Tax Tech, Incorporated	01/23/08	\$ 57,059	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

BAM Specimen Municipal Bond Insurance Policy



BAM

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

SPECIMEN

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)