

**HARRIS-WALLER COUNTIES MUNICIPAL UTILITY DISTRICT NO. 12
(Harris and Waller Counties, Texas)**

**PRELIMINARY OFFICIAL STATEMENT
DATED: JANUARY 20, 2026**

**\$5,000,000
UNLIMITED TAX BONDS
SERIES 2026**

**BIDS TO BE SUBMITTED BY: 9:00 A.M., CENTRAL TIME
THURSDAY, FEBRUARY 19, 2026**

**BONDS TO BE AWARDED: 10:00 A.M., CENTRAL TIME
THURSDAY, FEBRUARY 19, 2026**



Financial Advisor

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 20, 2026

This Preliminary Official Statement is subject to completion and amendment and is intended for the solicitation of initial bids to purchase the Bonds (herein defined). Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser (herein defined).

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

The Bonds will NOT be designated "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

NOT RATED

\$5,000,000

HARRIS-WALLER COUNTIES MUNICIPAL UTILITY DISTRICT NO. 12

(A Political Subdivision of the State of Texas, located within Harris and Waller Counties)

UNLIMITED TAX BONDS, SERIES 2026

Dated: March 1, 2026

Interest Accrues from: Date of Delivery

Due: September 1, as shown on inside cover

The \$5,000,000 Harris-Waller Counties Municipal Utility District No. 12 Unlimited Tax Bonds, Series 2026 (the "Bonds") are obligations of Harris-Waller Counties Municipal Utility District No. 12 (the "District") and are not obligations of the State of Texas; Harris County, Texas; Waller County, Texas; City of Waller, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Harris County, Texas; Waller County, Texas; City of Waller, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are dated March 1, 2026 (the "Dated Date"), and will accrue interest from the date of initial delivery, which is expected to be on or about March 19, 2026 (the "Date of Delivery"), with interest payable 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 will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

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

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on inside cover.

The Bonds, when issued, will constitute valid and 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. See "THE BONDS – Source of Payment." Investment in the Bonds is subject to special risk factors as described herein. See "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about March 19, 2026.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$5,000,000 Unlimited Tax Bonds, Series 2026

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____(b)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. _____(b)
2027	\$ 120,000	___%	___%	___	2039 (c)	\$ 215,000	___%	___%	___
2028	125,000	___%	___%	___	2040 (c)	230,000	___%	___%	___
2029	135,000	___%	___%	___	2041 (c)	240,000	___%	___%	___
2030	140,000	___%	___%	___	2042 (c)	250,000	___%	___%	___
2031 (c)	145,000	___%	___%	___	2043 (c)	265,000	___%	___%	___
2032 (c)	155,000	___%	___%	___	2044 (c)	275,000	___%	___%	___
2033 (c)	160,000	___%	___%	___	2045 (c)	290,000	___%	___%	___
2034 (c)	170,000	___%	___%	___	2046 (c)	305,000	___%	___%	___
2035 (c)	180,000	___%	___%	___	2047 (c)	320,000	___%	___%	___
2036 (c)	190,000	___%	___%	___	2048 (c)	335,000	___%	___%	___
2037 (c)	195,000	___%	___%	___	2049 (c)	355,000	___%	___%	___
2038 (c)	205,000	___%	___%	___					

- a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (herein defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- b) CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- c) Bonds maturing on September 1, 2031, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption of the Bonds."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audits, 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 Bond Counsel, for further information.

This Official Statement is not to be used in connection with 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.

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. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT – Updating of Official Statement."

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

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT	1	Developer Financing	26
SALE AND DISTRIBUTION OF THE BONDS	3	Homebuilders within the District	26
Award of the Bonds	3	AERIAL PHOTOGRAPH OF THE DISTRICT	27
Prices and Marketability	3	PHOTOGRAPHS TAKEN WITHIN THE DISTRICT	28
Securities Laws	3	DISTRICT DEBT	29
MUNICIPAL BOND INSURANCE AND RATINGS	3	Pro-Forma Debt Service Requirement Schedule	29
OFFICIAL STATEMENT SUMMARY	4	Bonded Indebtedness	30
INTRODUCTION	9	Estimated Direct and Overlapping Debt Statement	31
RISK FACTORS	9	Debt Ratios	31
General	9	TAXING PROCEDURES	31
Factors Affecting Taxable Values and Tax Payments	9	Authority to Levy Taxes	31
Vacant and Under Construction Lots	10	Property Tax Code and County-Wide Appraisal District	31
Increase in Costs of Building Materials	10	Property Subject to Taxation by the District	32
Competitive Nature of Residential Housing Market	10	Tax Abatement	33
Tax Collection Limitations	10	Valuation of Property for Taxation	33
Registered Owners' Remedies and Bankruptcy	11	Tax Payment Installments After Disaster	34
Operating Funds	11	District and Taxpayer Remedies	34
Marketability	11	Levy and Collection of Taxes	34
Future Debt	11	Rollback of Operation and Maintenance Tax Rate	34
Continuing Compliance with Certain Covenants	12	District's Rights in the Event of Tax Delinquencies	35
Environmental Regulations	12	TAX DATA	36
Potential Effects of Oil Price Fluctuations on the		General	36
Houston Area	13	Tax Rate Limitation	36
Specific Flood Type Risks	13	Maintenance Tax	36
National Weather Service Atlas Rainfall Study	14	Additional Penalties	36
Potential Impact of Natural Disaster	14	Tax Rate Calculations	36
Changes in Tax Legislation	14	Estimated Overlapping Taxes	37
Approval of the Bonds	14	Historical Tax Collections	37
Cybersecurity	14	Tax Rate Distribution	37
Bond Insurance Risk Factors	14	Assessed Taxable Valuation Summary	38
THE BONDS	15	Principal Taxpayers	38
General	15	THE UTILITY SYSTEM	38
Book-Entry-Only System	15	Regulation	38
Successor Paying Agent/Registrar	17	Source of Water Supply	38
Registration, Transfer and Exchange	17	Wastewater Treatment	39
Redemption of the Bonds	17	100 Year Flood Plain	39
Mutilated, Lost, Stolen or Destroyed Bonds	18	National Weather Service Atlas Rainfall Study	39
Source of Payment	18	Storm-Water Drainage Facilities	39
Outstanding Bonds	18	THE ROAD SYSTEM	39
Authority for Issuance	18	LEGAL MATTERS	39
No Arbitrage	18	Legal Opinions	39
Consolidation	18	No-Litigation Certificate	40
Funds	18	No Material Adverse Change	40
Defeasance	19	TAX MATTERS	40
Legal Investment and Eligibility to Secure Public Funds		Tax Exemption	40
in Texas	19	Not Qualified Tax-Exempt Obligations	41
Issuance of Additional Debt	20	Additional Federal Income Tax Considerations	41
Registered Owners' Remedies	20	CONTINUING DISCLOSURE OF INFORMATION	42
Use and Distribution of Bond Proceeds	21	Annual Reports	42
THE DISTRICT	22	Event Notices	43
Authority	22	Availability of Information from EMMA	43
Description	22	Limitations and Amendments	43
Utility Agreement Between the City of Waller and the		Compliance with Prior Undertakings	44
District	22	OFFICIAL STATEMENT	44
Management of the District	23	General	44
Investment Policy	23	Experts	44
Consultants	23	Certification as to Official Statement	44
General Fund Operating Statement	24	Updating of Official Statement	44
DEVELOPMENT OF THE DISTRICT	25	CONCLUDING STATEMENT	44
Status of Development within the District	25		
DEVELOPERS	25	APPENDIX A: FINANCIAL STATEMENTS OF THE DISTRICT	
Role of the Developer	25		
Developers	25		

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by _____ (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" at a price of _____% of the par value thereof, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

Prices and Marketability

Subject to certain restrictions described in the Official Notice of Sale, the District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND INSURANCE AND RATINGS

The District has made applications for a commitment for municipal bond insurance on the Bonds. **THE PURCHASE OF SUCH INSURANCE ON THE BONDS IS MANDATORY.** The payment of all costs associated with the insurance, including the premium charged by the insurance company and fees charged by rating companies, other than Moody's Investors Service, Inc. ("Moody's"), will be at the expense of the Initial Purchaser. The District will pay the rating fees charged by Moody's.

The District has not made an application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade municipal bond rating on the Bonds.

[Remainder of page intentionally left blank.]

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District Harris-Waller Counties Municipal Utility District No. 12 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas and Waller County, Texas. See "THE DISTRICT."

The Bonds..... The District's \$5,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"), are dated March 1, 2026 (the "Dated Date"), and mature on September 1 in the years and in the principal amounts as shown on the inside cover page hereof. The Bonds will accrue interest from the date of initial delivery, which is expected to be on or about March 19, 2026 (the "Date of Delivery"), with interest payable September 1, 2026, and on each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. See "THE BONDS."

Redemption of the Bonds..... The Bonds that mature on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds."

Book-Entry-Only System..... The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."

Authority for Issuance..... The Bonds constitute the second series of unlimited tax bonds issued by the District from the \$194,500,000 principal amount of unlimited tax bonds authorized by District's voters at an election held within the District on May 7, 2022 for the purpose of constructing or acquiring a water, wastewater, and a drainage system to serve the District (the "Utility System"). Additionally, District voters authorized \$194,500,000 principal amount of unlimited tax bonds for the purposes of refunding Utility System bonds, \$59,400,000 principal amount of unlimited tax bonds the for the purpose of constructing or acquiring a road system to serve the District (the "Road System"), \$59,400,000 principal amount of unlimited tax bonds for the purposes of refunding Road System bonds, \$24,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District (the "Park System") and \$24,000,000 principal amount of unlimited tax bonds for the purposes of refunding Park System bonds.

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

Source of Payment The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Harris County, Texas; Waller County, Texas; City of Waller, Texas; or any entity other than the District. See “THE BONDS – Source of Payment.” The District is authorized to levy separate taxes to pay debt service on bonds issued for the purpose of constructing or acquiring the Utility System; to pay debt service on bonds issued for the purpose of constructing or acquiring the Road System; and to pay debt service on bonds issued for the purpose of constructing and acquiring the Park System; all such taxes are unlimited as to rate or amount.

Outstanding Bonds The Bonds are the third issuance of bonded indebtedness by the District. As of January 20, 2026, \$7,515,000 of such previously issued bonds remain outstanding (the “Outstanding Bonds”). See “THE BONDS – Outstanding Bonds.”

Use of Proceeds Proceeds of the Bonds will be used to reimburse Field Store Dev (herein defined) for a portion of the improvements and related costs shown under “THE BONDS - Use And Distribution of Bond Proceeds.” Additionally, proceeds of the sale of the Bonds will be used to pay: impact fees to the City of Waller, Texas; eighteen (18) months of capitalized interest; operational advances; developer interest and other certain costs associated with the issuance of the Bonds. See “THE BONDS – Use and Distribution of Bond Proceeds.”

Not Qualified Tax-Exempt Obligations The Bonds will NOT be designated as “qualified tax-exempt obligations” for financial institutions.

Municipal Bond Insurance and Ratings The District has made applications for a commitment for municipal bond insurance on the Bonds. **THE PURCHASE OF SUCH INSURANCE ON THE BONDS IS MANDATORY.** The payment of all costs associated with the insurance, including the premium charged by the insurance company and fees charged by rating companies, other than Moody’s Investors Service, Inc. (“Moody’s”), will be at the expense of the Initial Purchaser. The District will pay the rating fees charged by Moody’s. The District has not made an application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade municipal bond rating on the Bonds.

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

Disclosure Counsel McCall, Parkhurst & Horton L.L.P., Houston, Texas.

Financial Advisor Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description The District was legally created pursuant to House Bill No. 4272, 85th Session of the Texas Legislature, Regular Session, on June 12, 2017, now codified as Chapter 7998 of the Texas Special District Local Laws Code. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended. The TCEQ has jurisdiction over the District pursuant to Section 54.024, Texas Water Code.

The District consisted of 95.955 acres at the time of creation. On December 30, 2021, there was an exclusion removing approximately 95.094 acres from the District. On February 3, 2022, there was an annexation adding approximately 183.3 acres into the District. On March 7, 2022, there was an exclusion removing approximately 0.8610 acres from the District. On January 17, 2023, there was an annexation adding approximately 97.19 acres within Waller County to the District. The District currently contains approximately 280.49 acres and is located within both Harris and Waller Counties. The District’s name was changed to Harris-Waller Counties Municipal Utility District No. 12 (previously known as Harris County

Municipal Utility District No. 554). The District is split between the border of Harris and Waller Counties along FM-362 approximately 30 miles northwest of downtown Houston, and is located inside the city limits of the City of Waller, Texas. The eastern portion of the District is located at the intersection of Knebel and Field Store Road. The western portion of the District is located along Cameron Road. See "THE DISTRICT."

Development within the DistrictThe District is comprised of two developments, Oakwood Estates and Cameron Cove. As of January 20, 2026, approximately 141.20 acres (551 lots) in the District have been developed as the single-family residential subdivisions of Oakwood Estates, Sections 1 – 4. As of January 20, 2026, said subdivisions included approximately 374 completed homes (including 4 model homes), approximately 32 homes under construction, and approximately 145 vacant developed lots. The remainder of the land within the District currently includes approximately 43.20 acres that are under development as Cameron Cove, Section 1, approximately 73.09 acres that are undeveloped but developable and approximately 23.00 undevelopable acres for detention, roadways, and reserves for parks, open spaces, and landscaping. See "DEVELOPMENT OF THE DISTRICT."

DevelopersApproximately 183.3 acres of land within the District, known as Oakwood Estates, is being developed by Field Store Dev, LLC, a Texas limited liability company ("Field Store Dev"), whose general partner is Field Store Manager LLC, a Texas limited liability company.

Approximately 97.10 acres of land within the District, known as Cameron Cove, is being developed by Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership d/b/a Friendswood Development Company ("Lennar"). See "DEVELOPERS."

Field Store Dev and Lennar are collectively referred to herein as the "Developers."

Homebuilders within the District.....Ashton Woods, K. Hovnanian Homes, and David Weekley Homes are active homebuilders within the District. Prices of new homes being constructed in the District range from approximately \$310,000 to approximately \$490,000. See "DEVELOPERS – Homebuilders within the District."

RISK FACTORS

THE DISTRICT'S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.

THE BONDS ARE SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "RISK FACTORS," BEFORE MAKING AN INVESTMENT DECISION.

[Remainder of page intentionally left blank.]

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2025 Taxable Assessed Valuation	\$ 96,840,510	(a)
Estimated Taxable Assessed Valuation as of January 1, 2026.....	\$ 146,036,481	(b)
Direct Debt:		
The Outstanding Bonds (as of January 20, 2026)	\$ 7,515,000	
The Bonds	<u>\$ 5,000,000</u>	
Total	<u>\$ 12,515,000</u>	
Estimated Overlapping Debt	<u>\$ 14,099,241</u>	(c)
Total Direct and Estimated Overlapping Debt	<u>\$ 26,614,241</u>	(c)
Direct Debt Ratios:		
As a percentage of the 2025 Taxable Assessed Valuation	12.92	%
As a percentage of the Estimated Taxable Assessed Valuation as of January 1, 2026	8.57	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2025 Taxable Assessed Valuation	27.48	%
As a percentage of the Estimated Taxable Assessed Valuation as of January 1, 2026	18.22	%
Utility Debt Service Fund Balance (as of January 20, 2026).....	\$ 206,439	(d)
Road Debt Service Fund Balance (as of January 20, 2026).....	\$ 200,449	(e)
General Fund Balance (as of February 1, 2026)	\$ 35,935	(f)

- (a) Represents the assessed valuation of all taxable property located within the District as of January 1, 2025, as provided by the Harris Central Appraisal District and the Waller County Appraisal District (the "Appraisal Districts"). See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal Districts for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of January 1, 2026, and reflects the addition of value of new construction within the District from January 1, 2025, through January 1, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (d) Does not include eighteen (18) months of capitalized interest which will be deposited into the Utility Debt Service Fund (herein defined) upon closing of the Bonds. Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Utility Debt Service Fund. Funds in the Utility Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for water, wastewater, and drainage facilities and are not available to pay debt service on bonds issued by the District for road purposes.
- (e) Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Road Debt Service Fund. Funds in the Road Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for road facilities and are not available to pay debt service on bonds issued by the District for the Utility System (e.g. the Bonds).
- (f) See "RISK FACTORS – Operating Funds."

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2025 Tax Rate per \$100 of Assessed Taxable Valuation		
Utility Debt Service	\$	0.240
Road Debt Service	\$	0.290
Maintenance and Operations.....		<u>0.460</u>
Total	\$	0.990
Estimated Average Annual Debt Service Requirement (2026-2049)	\$	864,263 (a)
Estimated Maximum Annual Debt Service Requirement (2049).....	\$	898,794 (a)
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay the Estimated Average Annual Debt Service Requirement (2026-2049) at 95% Tax Collections:		
Based on the 2025 Taxable Assessed Valuation.....	\$	0.94
Based on the Estimated Taxable Assessed Valuation as of January 1, 2026	\$	0.63
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay the Estimated Maximum Annual Debt Service Requirement (2049) at 95% Tax Collections:		
Based on the 2025 Taxable Assessed Valuation.....	\$	0.98
Based on the Estimated Taxable Assessed Valuation as of January 1, 2026	\$	0.65
Single-Family Homes (including 32 under construction) as of January 20, 2026		406 (b)

(a) Requirement of debt service on the Outstanding Bonds and the Bonds. Debt service on the Bonds is an estimate based on the Bonds being sold at an average annual interest rate of 5.00%. See "DISTRICT DEBT - Pro-Forma Debt Service Requirement Schedule."

(b) Includes 374 completed homes as of January 20, 2026.

\$5,000,000

**HARRIS-WALLER COUNTIES MUNICIPAL UTILITY DISTRICT NO. 12
UNLIMITED TAX BONDS, SERIES 2026**

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Harris-Waller Counties Municipal Utility District No. 12 (the "District") of its \$5,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued by the District pursuant to: (i) the bond resolution adopted by the Board of Directors of the District on the date of sale of the Bonds authorizing the issuance of the Bonds (the "Bond Resolution"); (ii) Article XVI, Section 59 of the Texas Constitution; (iii) Chapters 49 and 54 of the Texas Water Code, as amended; (iv) an order of the Texas Commission on Environmental Quality (the "TCEQ"); and (v) the election held within the District on May 7, 2022.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolution.

This Official Statement contains descriptions of the Bonds, the Developers (defined herein), the Bond Resolution and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs of duplication therefore.

RISK FACTORS

General

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowners/Developers: There is no commitment by or legal requirement of the Developers or any other landowner of the District to proceed at any particular rate or according to any specified plan with respect to the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "DEVELOPERS," and "TAX DATA - Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowners to make full and timely payments of taxes levied against their property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA - Principal Taxpayers," the District's principal taxpayers in 2025 owned property located within the District the aggregate assessed valuation of which comprised approximately 12.50% of the District's total 2025 Taxable Assessed Valuation. Field Store Dev (defined herein), a developer in the District, owns property comprising approximately 5.05% of the District's 2025 total taxable value. In the event that the Developers, homebuilders within the District, or any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District

to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its debt service fund. See “TAX DATA – Principal Taxpayers” and “TAXING PROCEDURES – Levy and Collection of Taxes.”

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2025 Taxable Assessed Valuation of property located within the District is \$96,840,510 and the Estimated Taxable Assessed Valuation as of January 1, 2026, is \$146,036,481. After issuance of the Bonds, the estimated maximum annual debt service requirement on the Outstanding Bonds (defined herein) and the Bonds will be \$898,794 (2049) and the estimated average annual debt service requirement on the Outstanding Bonds and the Bonds will be \$864,263 (2026-2049). Assuming no increase to nor decrease from the 2025 Taxable Assessed Valuation, tax rates of \$0.98 and \$0.94 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively. Assuming no increase to nor decrease from the Estimated Taxable Assessed Valuation as of January 1, 2026, tax rates of \$0.65 and \$0.63 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the estimated maximum annual debt service requirement and the estimated average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2025 tax year, the District has levied a total tax rate of \$0.990 per \$100 assessed valuation as follows: a tax of \$0.460 per \$100 of assessed valuation for maintenance and operations, \$0.240 per \$100 of assessed valuation for utility debt service and \$0.290 per \$100 of assessed valuation for road debt service.

Vacant and Under Construction Lots

As of January 20, 2026, there were approximately 145 vacant developed lots within the completed subdivisions in the District. The District makes no representation as to when or if such lots will be sold to homebuilders or whether homes will be constructed on such lots. See “DEVELOPMENT OF THE DISTRICT.”

Increase in Costs of Building Materials

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

Competitive Nature of Residential Housing Market

The housing industry in the Houston, Texas area is very competitive, but the District can give no assurance that the building programs which are planned by any home builder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collection Limitations

The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court’s stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer’s right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for commercial and other property. 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. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers’ right to redeem residential

or agricultural use property within two (2) years of foreclosure and commercial and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners of the Bonds have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Operating Funds

The District's sources of revenue to pay its operating expenses include advances from the Developers, proceeds from bond issues, and maintenance and operations tax proceeds. The District levied a 2025 maintenance and operations tax at the rate of \$0.46 per \$100 of assessed valuation. The District's Operating Fund balance at February 1, 2026, was \$35,935. Maintaining a positive Operating Fund balance will depend upon (1) continued development, and (2) funds from bond issues. In the event that funds are not made available by the Developers, the District may be required to levy a maintenance and operations tax at a rate sufficient to fund its operating expenses. Such an increase to the tax, when added to the District's debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "THE DISTRICT - General Fund Operating Statement."

Marketability

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

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining: \$186,135,000 principal amount of unlimited tax bonds authorized by District's voters for the purpose of constructing or acquiring a water, wastewater, and a drainage system to serve the District (the "Utility System") and \$194,500,000 principal amount of unlimited tax bonds for the purposes of refunding Utility System bonds. Additionally, District voters authorized \$59,400,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System") and \$59,400,000 principal amount of unlimited tax bonds for the purposes of refunding Road System bonds, and \$24,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District (the "Park System") and \$24,000,000 principal amount of unlimited tax bonds for the purposes of refunding Park System bonds. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, special project bonds, and other obligations described in the Bond Resolution, which may be issued by the District from time to time as needed. The principal amount of unlimited tax bonds for parks and recreational facilities sold by the District is limited to one percent 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 but not greater than three percent of the value of the taxable property in the District at the time of issuance.

Following reimbursement with the proceeds of the Bonds, the District will owe Field Store Dev approximately \$3,523,370 for reimbursable expenditures to construct the Utility System, Road System, and Park System in the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. The District's

Engineer estimates that the aforementioned amounts of unlimited tax bonds which remain unissued will be adequate to finance the construction of all the Utility System, Road System and Park System.

Continuing Compliance with Certain Covenants

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

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

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

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

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

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

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

water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If it is determined that the District is subject to the MS4 Permit requirements, 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.

On May 25, 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.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Specific Flood Type Risks

The District may be subject to the following flood 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 drainage systems downstream.

National Weather Service Atlas Rainfall Study

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

Potential Impact of Natural Disaster

The District is located approximately 75 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value in the District or an increase in the District’s tax rates. See “TAXING PROCEDURES – Valuation of Property for Taxation.”

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

Changes in Tax Legislation

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

Approval of the Bonds

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

Cybersecurity

The District’s consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District’s consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District’s finances. Insurance to protect against such breaches is limited.

Bond Insurance Risk Factors

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

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

insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

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

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

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

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

Neither the District or Initial Purchaser have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment.

See "MUNICIPAL BOND INSURANCE AND RATINGS" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

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 Resolution. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Bond Counsel, Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated March 1, 2026 (the "Dated Date"), and will accrue interest from the initial date of delivery, which is expected to be on or about March 19, 2026 (the "Date of Delivery"), with interest payable September 1, 2026, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on September 1 of the years shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current

rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating 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 purchase 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 Securities, 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest 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 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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the

responsibility of such Participant and not of DTC, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or 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 the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Dallas, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner.

The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity.

The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Source of Payment

The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies costs of collections, paying agent register fees and fees of the Appraisal Districts. Tax proceeds after deduction for collection costs, will be placed in the Utility Debt Service Fund (defined herein) and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Utility System, and additional bonds payable from taxes that may be issued for the Utility System, and paying agent/ registrar fees. The Bonds are obligations of the District and are not obligations of the State of Texas; Harris County, Texas; Waller County, Texas; City of Waller, Texas; or any entity other than the District. The District is authorized to levy separate taxes to pay debt service on bonds issued for the purpose of the Utility System and Park System, and to pay debt service on bonds issued for the purpose of the Road System; both such taxes are unlimited as to rate or amount.

Outstanding Bonds

The Bonds are the third issuance of bonded indebtedness by the District. As of January 20, 2026, \$7,515,000 of such previously issued bonds remain outstanding (the "Outstanding Bonds").

Authority for Issuance

The Bonds constitute the second series of unlimited tax bonds issued by the District from the \$194,500,000 principal amount of unlimited tax bonds authorized by District's voters at an election held within the District on May 7, 2022 for the purpose of constructing or acquiring the Utility System. Additionally, District voters authorized \$194,500,000 principal amount of unlimited tax bonds for the purposes of refunding Utility System bonds, \$59,400,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System, of which one series has been issued, \$59,400,000 principal amount of unlimited tax bonds for the purposes of refunding Road System bonds, and \$24,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Park System and \$24,000,000 principal amount of unlimited tax bonds for the purposes of refunding Park System bonds.

The Bonds are issued pursuant to an order of the TCEQ; Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; the Bond Resolution; and an election held within the District as described above.

No Arbitrage

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

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.

Funds

The Bond Resolution confirms the District's fund for payment of debt service on the Bonds for the Utility System (the "Utility Debt Service Fund"). Eighteen (18) months of capitalized interest on the Bonds will be deposited from the proceeds from

sale of the Bonds into the Utility Debt Service Fund. The Utility Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Bonds issued for the Utility System, and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the Utility System that are payable in whole or in part from taxes.

The District's also maintains a fund for payment of debt service on the Road System bonds and any additional unlimited tax bonds that the District may hereafter issue for the Road System (the "Road Debt Service Fund"). Funds in the Road Debt Service Fund will not be allocated to the payment of unlimited tax bonds issued by the District for the Utility System, including the Bonds.

Defeasance

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ (where required), necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$194,500,000 unlimited tax bonds for the Utility System and \$194,500,000 principal amount of unlimited tax bonds for purposes of refunding such bonds and could authorize additional amounts. The District's voters have also authorized the issuance of \$24,000,000 unlimited tax bonds for the Park System and \$24,000,000 principal amount of unlimited tax bonds for purposes of refunding such bonds; and \$59,400,000 unlimited tax bonds for the Road System and \$59,400,000 principal amount of unlimited tax bonds for purposes of refunding such bonds. The Bonds are the second series of unlimited tax bonds issued by the District for the Utility System to serve the District. Following the issuance of the Bonds, \$186,135,000 of unlimited tax bonds for the Utility System; \$194,500,000 unlimited tax bonds for the purposes of refunding of such bonds; \$24,000,000 unlimited tax bonds for the Park System; \$24,000,000 unlimited tax bonds for the purposes of refunding such bonds; \$55,250,000 unlimited tax bonds for the Road System; and \$59,400,000 unlimited tax bonds for the purposes of refunding of such will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ, where required). Following reimbursement to Field Store Dev with the proceeds of the Bonds, the District will owe the Developers approximately \$3,523,370 for reimbursable expenses incurred related to the Utility System, Road System, and Park System.

The District is also authorized by statute to engage in firefighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. The District has not considered the adoption of a fire plan at this time.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District prepared a parks master plan, and on May 7, 2022, the District's voters authorized \$24,000,000 in unlimited tax bonds for the purpose of acquiring and constructing the Park System. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. Under current Texas law, if the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District at the time of issuance, 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 more than three percent (3%) of the value of the taxable property in the District.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Utility Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Use and Distribution of Bond Proceeds

Proceeds of the Bonds will be used to reimburse Field Store Dev (herein defined) for a portion of the improvements and related costs shown below. Additionally, proceeds of the sale of the Bonds will be used to pay: impact fees to the City of Waller, Texas; eighteen (18) months of capitalized interest; operational advances; developer interest; and other certain costs associated with the issuance of the Bonds.

Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer (herein defined) and the Financial Advisor (herein defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

<u>CONSTRUCTION COSTS</u>	<u>District's Share</u>
A. Developer Contribution Items	
1. None	\$ -
Total Developer Contribution Items	\$ -
 B. District Items	
1. Oakwood Estates Lift Station and Pump Station	\$ 1,645,120
2. Oakwood Estates Clearing & Grubbing	255,321
3. Oakwood Estates Phase 1 Mass Grading and Detention Facilities	275,247
4. Engineering (Item 3)	222,700
5. Construction Testing and Stormwater Pollution Prevention Planning	47,691
6. City Water and Wastewater Impact Fees	647,528
7. Land Acquisition Detention	<u>481,064</u>
Total District Items	\$ 3,574,671
 TOTAL CONSTRUCTION COSTS (70.41% of BIR)	\$ 3,574,671
Less Surplus Funds	\$ (54,186)
NET TOTAL CONSTRUCTION COSTS	\$ 3,520,485
 <u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees	\$ 140,000
B. Fiscal Agent Fees	100,000
C. Interest Costs	
1. Capitalized Interest (18 months at 5.00%)	375,000
2. Developer Interest	391,653
D. Bond Discount (3.00%)	150,000
E. Bond Issuance Expenses	45,787
F. Bond Application Report Costs	55,000
G. Operating Advances	204,575
H. Attorney General Fees (0.10%)	5,000
I. TCEQ Bond Issuance Fee	<u>12,500</u>
TOTAL NON-CONSTRUCTION COSTS	\$ 1,479,515
TOTAL SYSTEM BOND ISSUE REQUIREMENT	\$ 5,000,000

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

THE DISTRICT

Authority

The District was legally created pursuant to House Bill No. 4272, 85th Session of the Texas Legislature, Regular Session, on June 12, 2017, now codified as Chapter 7998 of the Texas Special District Local Laws Code. The District's name was changed to Harris-Waller Counties Municipal Utility District No. 12 (previously known as Harris County Municipal Utility District No. 554). The District operates under Chapters 49 and 54 of the Texas Water Code, as amended. The TCEQ has jurisdiction over the District pursuant to Section 54.024, Texas Water Code. The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and 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 also is authorized to construct, develop, and maintain park and recreational facilities including by issuing bonds payable from taxes for such purposes, and to issue bonds and other forms of indebtedness to purchase or construct roads.

Description

The District consisted of 95.955 acres at time of creation. On December 30, 2021, there was an exclusion removing approximately 95.094 acres from the District. On February 3, 2022, there was an annexation adding approximately 183.3 acres into the District. On March 7, 2022, there was an exclusion removing approximately 0.8610 acres from the District. On January 17, 2023, there was an annexation adding approximately 97.19 acres within Waller County to the District. The District currently contains approximately 280.49 acres and is located within both Harris and Waller Counties. The District's name was changed to Harris-Waller Counties Municipal Utility District No. 12 (previously known as Harris County Municipal Utility District No. 554). The District is split between the border of Harris and Waller Counties along FM-362 approximately 30 miles northwest of downtown Houston, and is located inside the city limits of the City of Waller, Texas (the "City"). The eastern portion of the District is located at the intersection of Knebel and Field Store Road. The western portion of the District is located along Cameron Road.

Utility Agreement Between the City of Waller and the District

All land in the District is located within the corporate limits of the City. The City and the District entered into the Second Amended and Restated Utility Agreement dated November 21, 2022, pertaining to the District (the "Utility Agreement"). Pursuant to the Utility Agreement, the District agreed to construct, at its sole expense, water distribution, wastewater collection, and storm drainage and detention facilities to serve the District and to convey the water distributions lines, wastewater collection lines, lift stations, and storm drainage lines to the City for ownership, operation, and maintenance at the City's expense. The City bills and collects for services from customers within the District and all revenues are the property of the City. The City has agreed to provide the District with its ultimate requirements for water supply and distribution and wastewater treatment and collection. The District is required to pay capital recovery fees to the City within ten days after the District receives the proceeds of the bonds issued to finance all or a portion of the water and wastewater facilities serving the land for which connections to the City's water supply and distribution and wastewater treatment and collection facilities have been acquired.

Pursuant to the Utility Agreement, the City has agreed that it will not dissolve the District until the water distribution, sanitary sewer collection, transportation and treatment, storm water collection, detention and drainage systems, road facilities, and parks and recreation facilities have been completed and all bonds have been issued by the District to finance such facilities. Upon dissolution of the District, the City will acquire all District assets and assume all outstanding bonds, debts, liabilities, and obligations of the District.

Management of the District

The District is governed by its Board of Directors (the “Board”) consisting of five directors, who have control over and management supervision of all affairs of the District. All of the directors own taxable property in the District. The directors serve staggered, four-year terms. Elections are held in even-numbered years in May. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Position</u>	<u>Term</u>
Joan Leiber Ryman	President	May 2028
Matthew O'Neill	Vice President	May 2026
Donald Hayter	Secretary	May 2028
Justin Klump	Assistant Secretary	May 2026
Geneva Van Zijll	Assistant Vice President	May 2028

Investment Policy

The District has adopted an Investment Policy (the “Investment Policy”) as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the “Act”). The District’s goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation (“FDIC”) and secured by collateral authorized by the Act, and in TexPool and TexStar, which are 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 portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the District is Assessments of the Southwest, Inc.

Bookkeeper: The District’s bookkeeper is Myrtle Cruz, Inc.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual financial statements are filed with the TCEQ. The District engaged McGrath & Co., PLLC as its auditor for the fiscal year ended October 31, 2024, which audited financial statements are attached hereto as “APPENDIX A.”

Engineer: The District’s engineer is LJA Engineering, Inc. (the “Engineer”). Such firm acts as engineer for many residential and commercial developments in Texas.

General and Bond Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees to be paid to Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See “LEGAL MATTERS.”

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

Financial Advisor: Robert W. Baird & Co. Incorporated serves as financial advisor (“Financial Advisor”) to the District in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

General Fund Operating Statement

The following is a summary of the District's operating fund activity for the fiscal year ended October 31, 2023 through October 31, 2024. The summary below has been prepared by the Financial Advisor based upon information obtained from the District's audited financial statements. The figures for fiscal year ended October 31, 2025, are unaudited and were obtained from the District's bookkeeper. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	<u>Fiscal Year End October 31</u>				
	<u>2025 (b)</u>	<u>2024</u>	<u>2023</u>	<u>2022 (a)</u>	<u>2021(a)</u>
REVENUES					
Property Taxes	\$ 170,552	\$149,286	-	-	-
Miscellaneous	-	-	963	-	-
Investment Earnings	<u>141</u>	<u>377</u>	<u>13</u>	-	-
TOTAL REVENUES	<u>\$ 170,693</u>	<u>\$ 149,663</u>	<u>\$ 976</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES					
Operating and administrative					
Professional Fees	\$ 190,960	247,887	122,131	\$ 143,847	\$ -
Contracted Services	40,296	41,805	16,303	9,438	-
Repairs and Maintenance	123,503	81,678	12,071	-	-
Utilities	8,086	7,670	790	-	-
Administrative	20,726	18,292	17,331	16,505	4,404
Other	1,543	34,681	2,477	1,447	1,974
TOTAL EXPENDITURES	<u>\$ 1,339,773</u>	<u>\$ 432,013</u>	<u>\$ 171,103</u>	<u>\$ 171,237</u>	<u>\$ 6,378</u>
Excess Revenues (Expenditures)	\$(1,169,080)	\$ (282,350)	\$ (170,127)	\$ (171,237)	\$ (6,378)
Other Financing Sources (Uses):					
Developer Advances	\$ 1,123,233	\$ 247,699	\$ 142,400	\$ 141,500	\$ -
Insurance Proceeds	-	<u>52,810</u>	-	-	-
Net Change in Fund Balance	\$ (45,847)	\$ 18,159	\$ 827,393	\$ (-)	\$ (6,378)
Balance, Beg of Year	<u>\$ (45,683)</u>	<u>\$ (63,842)</u>	<u>\$ (36,115)</u>	<u>\$ (6,378)</u>	<u>\$ -</u>
Balance, End of Year	<u>\$ (91,530)</u>	<u>\$ (45,683)</u>	<u>\$ (63,842)</u>	<u>\$ (36,115)</u>	<u>\$ (6,378)</u>

(a) Unaudited.

(b) Unaudited 2025 financial statements for the fiscal year ended October 31, 2025.

DEVELOPMENT OF THE DISTRICT

The District is comprised of two developments, Oakwood Estates and Cameron Cove. As of January 20, 2026, approximately 141.20 acres (551 lots) in the District have been developed as the single-family residential subdivisions of Oakwood Estates, Sections 1 – 4. As of January 20, 2026, said subdivisions included approximately 374 completed homes (including 4 model homes), approximately 32 homes under construction, and approximately 145 vacant developed lots. The remainder of the land within the District currently includes approximately 43.20 acres that are under development as Cameron Cove, Section 1, approximately 73.09 acres that are undeveloped but developable and approximately 23.00 undevelopable acres for detention, roadways, and reserves for parks, open spaces, and landscaping.

Status of Development within the District

The table below summarizes the status of development and land use within the District as of January 20, 2026:

<u>Section</u>	<u>Type of Development</u>	<u>Acres</u>	<u>No. of Lots</u>	<u>Complete</u>	<u>Under Construction</u>	<u>Vacant Lots</u>
Oakwood Estates, Section 1	Single Family	47.03	176	169	3	4
Oakwood Estates, Section 2	Single Family	39.77	162	155	5	2
Oakwood Estates, Section 3	Single Family	16.50	52	23	5	24
Oakwood Estates, Section 4	Single Family	37.90	161	27	19	115
Total		141.20	551	374	32	145
Under Development		43.20				
Undevelopable Land		23.00				
Remaining Developable		73.09				
Total District Acreage		280.49				

DEVELOPERS

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain water, wastewater and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developers to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Developers

Field Store Dev, LLC

Approximately 183.3 acres of land within the District, known as Oakwood Estates, is being developed by Field Store Dev, LLC, a Texas limited liability company ("Field Store Dev"), whose general partner is Field Store Manager LLC, a Texas limited liability company.

Field Store Dev is a single purpose entity formed and capitalized for the purpose of developing the land it owns within the District. Field Store Dev is a limited liability company whose assets primarily consist of the land it owns in the District and the receivables due from the District for development costs. Further, according to Field Store Dev, it is currently operating with a net income, with its income comprised almost entirely of revenues from the sale of real estate and developed lots.

To date, Field Store Dev has developed approximately 141.20 acres (551 lots) as the single-family residential subdivisions of Oakwood Estates, Sections 1 – 4. Field Store Dev currently owns approximately 11.70 remaining developable acres of land located in the District and approximately 3 vacant developed lots.

Lennar Homes of Texas Land and Construction

Approximately 97.10 acres of land within the District, known as Cameron Cove, is being developed by Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership d/b/a Friendswood Development Company (“Lennar”).

To date, Lennar has started construction on approximately 43.20 acres (97 lots) as a single-family residential subdivision of Cameron Cove, Sections 1, which is expected to be completed by July of 2026. Excluding Cameron Cove, Section 1, Lennar currently owns approximately 53.90 remaining developable acres of land located in the District.

Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange. Audited financial statements for Lennar Corporation can be found online at <http://phx.corporateir.net/phoenix.zhtml?c=65842&p=irol-irhome>. Lennar Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission (“SEC”). Reports, proxy statements and other information filed by Lennar can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning Lennar is included as part of the consolidated financial statements of Lennar Corporation. However, Lennar Corporation is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by Lennar, or to pay any other obligations of Lennar. Further, neither Lennar nor Lennar Corporation is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither Lennar nor Lennar Corporation has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and Lennar may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of Lennar and Lennar Corporation is subject to change at any time.

Field Store Dev and Lennar are collectively referred to herein as the “Developers.”

The Developers are under no legal obligation to the District to develop any of such acreage available for future development according to any specific plan, timetable, or at all. Therefore, the District cannot predict when, or whether, any of such currently undeveloped acreage located within the District might be developed. In addition, prospective purchasers of the Bonds should note that the prior real estate experience of the Developers should not be construed as an indication that further development within the District will occur, construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Developer Financing

Field Store Dev has obtained financing for a portion of the development of Oakwood Estates through the Public Finance Authority of Wisconsin (the “PFA”). The PFA issued \$23,150,000 Tax-Exempt Revenue Anticipation Capital Appreciation Bonds, Series 2024 (the “PFA Bonds”), which are secured in part by the sale and assignment of Field Store Dev’s right to receive proceeds from the future sale of unlimited tax bonds issued by the District. According to Field Store Dev, it is currently in compliance with all material representations and certifications made with respect to the PFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. See “RISK FACTORS – Approval of the Bonds.”

Homebuilders within the District

Ashton Woods, K. Hovnanian Homes, and David Weekley Homes are active homebuilders within the District. Prices of new homes being constructed in the District range from approximately \$310,000 to approximately \$490,000.

AERIAL PHOTOGRAPH OF THE DISTRICT
(January 2026)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(January 2026)



DISTRICT DEBT

Pro-Forma Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements for the Outstanding Bonds and the estimated principal and interest for the Bonds, assuming the Bonds are issued at an interest rate of 5.00%. Totals may not sum due to rounding.

Year	Outstanding Debt Service	The Bonds		Total Debt Service	Total Debt Service
		Principal	Interest		
2026	\$ 339,763	\$ -	\$ 270,833	\$ 270,833	\$ 610,596
2027	498,150	120,000	250,000	370,000	868,150
2028	496,825	125,000	244,000	369,000	865,825
2029	494,475	135,000	237,750	372,750	867,225
2030	491,475	140,000	231,000	371,000	862,475
2031	487,825	145,000	224,000	369,000	856,825
2032	489,025	155,000	216,750	371,750	860,775
2033	494,825	160,000	209,000	369,000	863,825
2034	495,025	170,000	201,000	371,000	866,025
2035	494,825	180,000	192,500	372,500	867,325
2036	499,225	190,000	183,500	373,500	872,725
2037	498,025	195,000	174,000	369,000	867,025
2038	501,425	205,000	164,250	369,250	870,675
2039	504,225	215,000	154,000	369,000	873,225
2040	506,244	230,000	143,250	373,250	879,494
2041	507,656	240,000	131,750	371,750	879,406
2042	513,269	250,000	119,750	369,750	883,019
2043	508,056	265,000	107,250	372,250	880,306
2044	512,431	275,000	94,000	369,000	881,431
2045	520,981	290,000	80,250	370,250	891,231
2046	518,506	305,000	65,750	370,750	889,256
2047	520,419	320,000	50,500	370,500	890,919
2048	526,250	335,000	34,500	369,500	895,750
2049	526,044	355,000	17,750	372,750	898,794
Total	\$ 11,944,969	\$5,000,000	\$ 3,797,333	\$8,797,333	\$20,742,302

Estimated Average Annual Debt Service Requirement (2026-2049) \$864,263

Estimated Maximum Annual Debt Service Requirement (2049) \$898,794

[Remainder of page intentionally left blank.]

Bonded Indebtedness

2025 Taxable Assessed Valuation	\$ 96,840,510	(a)
Estimated Taxable Assessed Valuation as of January 1, 2026.....	\$ 146,036,481	(b)
Direct Debt:		
The Outstanding Bonds (as of January 20, 2026)	\$ 7,515,000	
The Bonds	\$ 5,000,000	
Total	\$ 12,515,000	
Estimated Overlapping Debt	\$ 14,099,241	(c)
Total Direct and Estimated Overlapping Debt	\$ 26,614,241	(c)
Direct Debt Ratios:		
As a percentage of the 2025 Taxable Assessed Valuation	12.92	%
As a percentage of the Estimated Taxable Assessed Valuation as of January 1, 2026	8.57	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2025 Taxable Assessed Valuation	27.48	%
As a percentage of the Estimated Taxable Assessed Valuation as of January 1, 2026	18.22	%
Utility Debt Service Fund Balance (as of January 20, 2026)	\$ 206,439	(d)
Road Debt Service Fund Balance (as of January 20, 2026)	\$ 200,449	(e)
General Fund Balance (as of February 1, 2026)	\$ 35,935	(f)

-
- (b) Represents the assessed valuation of all taxable property located within the District as of January 1, 2025, as provided by the Harris Central Appraisal District and the Waller County Appraisal District (the "Appraisal Districts"). See "TAX DATA" and "TAXING PROCEDURES."
 - (b) Provided by the Appraisal Districts for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of January 1, 2026, and reflects the addition of value of new construction within the District from January 1, 2025, through January 1, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
 - (c) See "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement."
 - (d) Does not include eighteen (18) months of capitalized interest to be deposited into the Utility Debt Service Fund (herein defined) upon closing of the Bonds. Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Utility Debt Service Fund. Funds in the Utility Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for water, wastewater, and drainage facilities and are not available to pay debt service on bonds issued by the District for road purposes.
 - (e) Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Road Debt Service Fund. Funds in the Road Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for road facilities and are not available to pay debt service on bonds issued by the District for the Utility System (e.g. the Bonds).
 - (f) See "RISK FACTORS - Operating Funds."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in *Texas Municipal Reports* published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt November 30, 2025	Overlapping	
		Percent	Amount
Harris County	\$2,257,734,736	0.01%	\$ 305,614
City of Waller, Texas	17,555,000	9.74%	1,710,271
Waller Independent School District	1,094,615,000	1.02%	11,199,039
Harris County Flood Control District	937,165,000	0.01%	129,551
Port of Houston Authority	386,074,397	0.01%	53,380
Harris County Hospital District	867,820,000	0.01%	119,947
Harris County Department of Education	28,960,000	0.01%	3,918
Waller County	175,805,000	0.02%	<u>36,454</u>
Total Estimated Overlapping Debt.....			\$ 14,099,241
Direct Debt (a).....			\$ 12,515,000
Total Direct and Estimated Overlapping Debt (a).....			\$ 26,614,241

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

	Percentage of 2025 Taxable Assessed Valuation	Percentage of Estimated Taxable Assessed Valuation as of January 1, 2026
Direct Debt (a)	12.92%	8.57%
Total Direct and Estimated Overlapping Debt (a)	27.48%	18.22%

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein. The Property 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 such appraisal district. The Harris Central Appraisal District and the Waller County Appraisal District (the "Appraisal Districts") has the responsibility of appraising property for all taxing units within Harris County, Texas and Waller County, Texas, including the District. Such appraisal values will be subject to review and change by the Appraisal Review Board, of the Appraisal Districts. The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

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; certain 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 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District has not granted such exemption. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. 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. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market 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 by before July 1. The District has never adopted a homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemption: 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 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, Texas or Waller County, Texas may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, Texas, Waller County, Texas, and 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. At this time, Harris County, Texas or Waller County, Texas has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal Districts at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property 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 Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for 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 years for agricultural use, open space land, and timberland.

The Property Code requires the Appraisal Districts to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal Districts at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal Districts 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 Districts 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 Districts chooses to formally include such values on its appraisal roll.

The Property 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 Code, the Appraisal Districts 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 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.

Tax Payment Installments After Disaster

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

Additionally, the Property 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.

District and Taxpayer Remedies

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

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

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 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.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts

that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Property 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: For the 2025 tax year, the Board made the determination of the District's status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims 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 parity with or takes priority over a tax lien of the District is determined by 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. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES". The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "RISK FACTORS". For the 2025 tax year, the District has levied a total tax rate of \$0.990 per \$100 assessed valuation as follows: a tax of \$0.460 per \$100 of assessed valuation for maintenance and operations, \$0.240 per \$100 of assessed valuation for utility debt service and \$0.290 per \$100 of assessed valuation for road debt service.

Tax Rate Limitation

System Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	\$1.50 per \$100 Assessed Taxable Valuation.
Maintenance (Roads):	\$0.25 per \$100 Assessed Taxable Valuation.

Maintenance Tax

The Board 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. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. The District has levied a maintenance tax every year since the 2022 tax year. The Board also is authorized by the District's voters to levy a maintenance tax for road improvements in an amount not to exceed \$0.25 per \$100 of assessed valuation. The District has not levied a maintenance tax for roads. See " - Tax Rate Distribution" below.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish 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 June 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 Tax Code.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed taxable valuation which would be required to meet certain debt service requirements of the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2025 Taxable Assessed Valuation (\$96,840,510), or the Estimated Taxable Assessed Valuation as of January 1, 2026 (\$146,036,481). The calculations assume collection of 95% of taxes levied, the Outstanding Bonds and the sale of the Bonds but not the sale of any additional bonds by the District.

Estimated Average Annual Debt Service Requirement (2026-2049)	\$ 864,263
Debt Service Tax Rate of \$0.94 on the 2025 Taxable Assessed Valuation	\$ 864,786
Debt Service Tax Rate of \$0.63 on the Estimated Taxable Assessed Valuation as of January 1, 2026	\$ 874,028
Estimated Maximum Annual Debt Service Requirement (2049)	\$ 898,794
Debt Service Tax Rate of \$0.98 on the 2025 Taxable Assessed Valuation	\$ 901,585
Debt Service Tax Rate of \$0.65 on the Estimated Taxable Assessed Valuation as of January 1, 2026	\$ 901,775

Estimated Overlapping Taxes

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

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2025 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

<u>Taxing Jurisdiction</u>	<u>Harris County 2025 Tax rate</u>	<u>Waller County 2025 Tax rate</u>
The District	\$ 0.990000	\$ 0.990000
City of Waller, Texas	0.446400	0.446400
Harris County, Texas	0.380960	-
Waller County, Texas	-	0.532596
Farm Roads	-	0.023591
Waller Independent School District	1.062600	1.062600
Harris County Flood Control District	0.049660	-
Port of Houston Authority	0.005900	-
Harris County Hospital District	0.187610	-
Harris County Department of Education	0.004798	-
Waller-Harris ESD 200	0.100000	0.100000
Estimated Total Tax Rate	\$ 3.227928	\$ 3.155187

Historical Tax Collections

The following table illustrates the collection history of the District for the 2023-2025 tax years:

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Percent Collections Current Year	Tax Year Ending 09/30	Percent Collections as of 02/06/2026
2023	\$ 15,264,173	\$0.99	\$ 151,115	98.79%	2024	100.00%
2024	48,824,233	0.99	483,360	98.12%	2025	99.79%
2025	96,840,510	0.99	922,284	94.29%	2026	94.29%

(a) Total tax rate per \$100 of assessed valuation.

Tax Rate Distribution

The following table illustrates the components of the tax rate for the District's 2022-2025 tax years:

	2025	2024	2023	2022
System Debt Service	\$ 0.24	\$ 0.30	\$ 0.00	\$ 0.00
Road Debt Service	0.29	0.34	0.00	0.00
Maintenance and Operations	0.46	0.35	0.99	0.99
Total	\$ 0.99	\$ 0.99	\$ 0.99	\$ 0.99

Assessed Taxable Valuation Summary

The following represents the types of property comprising the District assessed taxable value for each of the 2022–2025 tax years.

Type of Property	2025 Assessed Valuation	2024 Assessed Valuation	2023 Assessed Valuation	2022 Assessed Valuation
Land	\$ 24,270,714	\$ 22,678,526	\$ -	\$ -
Improvements	73,361,871	26,988,394	15,266,525	2,352
Personal Property	354,638	183,083	-	-
Exemptions	(4,833,391)	(1,025,770)	(2,352)	(2,352)
Total	\$ 96,840,510	\$ 48,824,233	\$ 15,264,173	\$ 0

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District’s certified appraisal rolls for the 2025 tax year.

Taxpayer	Type of Property	Assessed Valuation 2025 Tax Roll	Percent of 2025 Tax Roll
Field Store Dev LLC (a)	Land & Improvements	\$ 4,705,526	4.86%
K Hovnanian of Houston II LLC (b)	Land & Improvements	1,379,798	1.42%
Ashton Houston Residential LLC (b)	Land & Improvements	1,158,661	1.20%
Wilbrow Finance-River Ranch Oakwood LLC (c)	Land & Improvements	1,101,179	1.14%
Weekley Homes LLC (b)	Land & Improvements	954,400	0.99%
Homeowner	Land & Improvements	479,161	0.49%
Homeowner	Land & Improvements	474,049	0.49%
Homeowner	Land & Improvements	471,358	0.49%
Homeowner	Land & Improvements	465,148	0.48%
Homeowner	Land & Improvements	459,984	0.47%
Total		\$ 11,649,264	12.03%

(a) See “DEVELOPERS.”

(b) See “DEVELOPERS - Homebuilders within the District.”

(c) Wilbrow Finance-River Ranch Oakwood LLC serves as a landbank for K Hovnanian Homes. Wilbrow Finance-River Ranch Oakwood LLC owns and holds certain developed lots for K Hovnanian Homes until K Hovnanian Homes purchases the lots for home construction on an as needed basis. See “DEVELOPERS – Homebuilders within the District.”

THE UTILITY SYSTEM

Regulation

According to the Engineer, the District’s water distribution, wastewater collection and drainage facilities have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others the TCEQ. According to the Engineer, the design of all such facilities has been approved by all required governmental agencies.

Operation of the District’s waterworks and sewage treatment facilities is provided by the City and is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Source of Water Supply

Water supply for the District is provided by the City pursuant to the Utility Agreement. The District constructed approximately 5,143 feet of 12-inch line to connect to the City’s existing water main along Field Store Road. The water supply is from various groundwater sources obtained by the City. According to the Engineer, the City’s water supply facilities currently consist of four water supply plants with a combined water well capacity of 1,750 gallons per minute (“gpm”), ground and elevated storage tank capacity of 155,000 gallons and 5,400 gpm of service pump capacity and based on current facilities, the City is capable of serving 2,700 equivalent single family connections. According to the Engineer,

the City is currently serving 1,834 active connections including 374 active residential connections and 32 homes under construction in the District

Wastewater Treatment

Wastewater treatment for the District is provided by the City pursuant to the Utility Agreement. The District constructed approximately 4,480 feet of sanitary force main to connect to the City's existing sanitary main along Field Store Road. The City's wastewater facilities are permitted for 0.900 million gallons per day (gpd) , and the existing City facilities can adequately serve 3,000 equivalent single family connections. According to the District Engineer, the City is currently serving 1,412 active single family connections including 374 active residential connections and 32 homes under construction in the District.

100 Year Flood Plain

According to the Federal Emergency Management Agency Flood Insurance Rate Map Nos. 48201C016L and 48473C0155F0, none of the District's land is located in the 100-year flood plain.

National Weather Service Atlas Rainfall Study

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

Storm-Water Drainage Facilities

The natural drainage pattern for the District consists of overland sheet flow. The existing condition is undeveloped flow. The drainage naturally flows south-east into Kickapoo Creek.

The drainage system improvements to serve the District's development include curb and gutter road drainage connected to underground storm sewers. The storm sewers will discharge directly into the internal detention pond within the development and ultimately into Kickapoo Creek via gravity flow and a Storm Water Pump Station. The District currently has one detention pond and one Storm Water Pump Station.

THE ROAD SYSTEM

The road system serves residents of the District by providing access to the major thoroughfares and collectors from the Oakwood Estates development to the surrounding area. The collectors serving the District include Field Store Road and Knebel Road. Field Store Road and Knebel Road act as collectors by conveying residents of the District to the major thoroughfare of FM 362 which connects to the Knebel Road to the north and US 290 to the south. The District will finance, design, and construct the road system in phases as development progresses. The road system will ultimately be owned, operated, and maintained by the City as the phases are constructed and accepted by the City. The District does not intend to maintain or operate the roads once they are accepted by the City.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal 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" (except for information under the subheadings "- Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT - Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this 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 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-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened 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.

No Material Adverse Change

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law

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

Not Qualified Tax-Exempt Obligations

The Bonds will not be designated "qualified tax-exempt obligations" for financial institutions.

Additional Federal Income Tax Considerations

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

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

Tax Accounting Treatment of Original Issue Discount

If the issue price of any maturity 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 MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

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

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

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

Tax Legislative Changes

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the “MSRB”), through its Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

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

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

year to the MSRB within such six-month period, and audited financial statements when and if the audit report becomes available.

The District's current fiscal year end is October 31. Accordingly, it must provide updated information by the last day in April 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 a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

Since the District’s first issuance of bonds in 2024, the District has complied in all material respects with its prior continuing disclosure undertakings made in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

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

Experts

The information contained in the Official Statement relating to engineering and to the description of the System and the Road System, and, in particular, that engineering information included in the sections entitled “THE DISTRICT – Description,” “THE UTILITY SYSTEM,” and “THE ROAD SYSTEM,” has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District’s records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Harris-Waller Counties Municipal Utility District No. 12 as of the date shown on the cover page hereof.

/s/ _____
President, Board of Directors
Harris-Waller Counties Municipal Utility District No. 12

ATTEST:

/s/ _____
Secretary, Board of Directors
Harris-Waller Counties Municipal Utility District No. 12

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**HARRIS – WALLER COUNTIES
MUNICIPAL UTILITY DISTRICT NO. 12
HARRIS AND WALLER COUNTIES, TEXAS
FINANCIAL REPORT
October 31, 2024**

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		17
Notes to Financial Statements		19
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		36
Notes to Required Supplementary Information		37
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	40
General Fund Expenditures	TSI-2	42
Investments	TSI-3	43
Taxes Levied and Receivable	TSI-4	44
Long-Term Debt Service Requirements by Years	TSI-5	45
Change in Long-Term Bonded Debt	TSI-6	48
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	50
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	52
Board Members, Key Personnel and Consultants	TSI-8	53

McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors

Harris - Waller Counties Municipal Utility District No. 12

Harris and Waller Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris - Waller Counties Municipal Utility District No. 12 (the "District"), as of and for the year ended October 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris - Waller Counties Municipal Utility District No. 12, as of October 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

***Board of Directors
Harris - Waller Counties Municipal Utility District No. 12
Harris and Waller Counties, Texas***

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

***Board of Directors
Harris - Waller Counties Municipal Utility District No. 12
Harris and Waller Counties, Texas***

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Houston, Texas
February 18, 2025

(This page intentionally left blank)

Management's Discussion and Analysis

(This page intentionally left blank)

***Harris - Waller Counties Municipal Utility District No. 12
Management's Discussion and Analysis
October 31, 2024***

Using this Annual Report

Within this section of the financial report of Harris - Waller Counties Municipal Utility District No. 12 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended October 31, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

***Harris - Waller Counties Municipal Utility District No. 12
Management’s Discussion and Analysis
October 31, 2024***

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District’s net position at October 31, 2024, was negative \$17,611,685. The District’s net position is negative because the District incurs debt to construct water, sewer, certain drainage and road facilities which it conveys to the City of Waller and because the District relies on advances from its developers to fund operating costs. A comparative summary of the District’s overall financial position, as of October 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 1,328,162	\$ 116,685
Capital assets	3,879,478	1,041,740
Total assets	<u>5,207,640</u>	<u>1,158,425</u>
Current liabilities	133,522	72,729
Long-term liabilities	<u>22,222,378</u>	<u>7,164,624</u>
Total liabilities	<u>22,355,900</u>	<u>7,237,353</u>
Total deferred inflows of resources	<u>463,425</u>	<u>105,178</u>
Net position		
Net investment in capital assets	(334,161)	(606)
Restricted	381,720	
Unrestricted	<u>(17,659,244)</u>	<u>(6,183,500)</u>
Total net position	<u>\$ (17,611,685)</u>	<u>\$ (6,184,106)</u>

***Harris - Waller Counties Municipal Utility District No. 12
Management's Discussion and Analysis
October 31, 2024***

The total net position of the District decreased during the current fiscal year by \$11,427,579. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2024</u>	<u>2023</u>
Revenues		
Property taxes, penalties and interest	\$ 148,951	\$ 2,620
Other	2,325	976
Total revenues	<u>151,276</u>	<u>3,596</u>
Expenses		
Operating and administrative	555,472	171,103
Debt interest and fees	24,876	
Developer interest	184,776	
Debt issuance costs	659,499	
Depreciation	35,495	
Total expenses	<u>1,460,118</u>	<u>171,103</u>
Change in net position before other item	(1,308,842)	(167,507)
Other items		
Insurance proceeds	52,810	
Transfers to other governments	<u>(10,171,547)</u>	<u>(5,838,984)</u>
Change in net position	(11,427,579)	(6,006,491)
Net position, beginning of year	<u>(6,184,106)</u>	<u>(177,615)</u>
Net position, end of year	<u>\$ (17,611,685)</u>	<u>\$ (6,184,106)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of October 31, 2024, were \$753,806, which consists of negative \$45,683 in the General Fund, \$406,596 in the Debt Service Fund and \$392,893 in the Capital Projects Fund.

***Harris - Waller Counties Municipal Utility District No. 12
Management's Discussion and Analysis
October 31, 2024***

General Fund

A comparative summary of the General Fund's financial position as of October 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	<u>\$ 229,085</u>	<u>\$ 116,685</u>
Total liabilities	\$ 108,646	\$ 72,729
Total deferred inflows	166,122	107,798
Total fund balance	<u>(45,683)</u>	<u>(63,842)</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 229,085</u>	<u>\$ 116,685</u>

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

	2024	2023
Total revenues	\$ 149,663	\$ 976
Total expenditures	<u>(432,013)</u>	<u>(171,103)</u>
Revenues under expenditures	(282,350)	(170,127)
Other changes in fund balance	300,509	142,400
Net change in fund balance	<u>\$ 18,159</u>	<u>\$ (27,727)</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2023 levy was recognized as revenues in the 2024 fiscal year, while the 2022 levy was recognized in the 2023 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from prior year because assessed values increased from prior year.
- The District's developers advances funds to the District as needed to pay operating costs. The deficit fund balance in the General Fund is the result of timing differences between developer advances and expenditures for which those advances are intended to fund.

***Harris - Waller Counties Municipal Utility District No. 12
Management's Discussion and Analysis
October 31, 2024***

Debt Service Fund

The District issued bonded debt during the current fiscal year pursuant to a Bond Resolution adopted by the Board. As required by the Bond Resolution, a Debt Service Fund was established to account for the accumulation of financial resources restricted for debt service purposes. A summary of the financial position as of October 31, 2024 is as follows:

Total assets	\$ 706,184
Total deferred inflows	\$ 299,588
Total fund balance	406,596
Total deferred inflows and fund balance	\$ 706,184

A summary of activities of the Debt Service Fund for the current year is as follows:

Total revenues	\$ 1,683
Total expenditures	_____
Revenues over expenditures	1,683
Other changes in fund balance	404,913
Net change in fund balance	\$ 406,596

The District's financial resources in the Debt Service Fund in the current year are from capitalized interest from the sale of bonds.

Capital Projects Fund

A Capital Projects Fund was established to account for the expenditure of proceeds from the issuance of the District's Series 2024 Unlimited Tax Bonds and Series 2024 Unlimited Tax Road Bonds. A summary of the financial position of the Capital Projects Fund as of October 31, 2024, is as follows:

Total assets	\$ 392,893
Total fund balance	\$ 392,893

A summary of activities of the Capital Projects Fund for the current year is as follows:

Total revenues	\$ 265
Total expenditures	(6,569,759)
Revenues under expenditures	(6,569,494)
Other changes in fund balance	6,962,387
Net change in fund balance	\$ 392,893

***Harris - Waller Counties Municipal Utility District No. 12
Management’s Discussion and Analysis
October 31, 2024***

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$17,933 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at October 31, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land and improvements	\$ 2,406,488	\$ 1,041,740
Capital assets being depreciated		
Drainage facilities	1,437,459	
Landscaping improvements	71,026	
	1,508,485	
Less accumulated depreciation		
Drainage facilities	(31,944)	
Landscaping improvements	(3,551)	
	(35,495)	
Depreciable capital assets, net	1,472,990	
Capital assets, net	\$ 3,879,478	\$ 1,041,740

Capital asset additions during the current fiscal year include:

- Oakwood Estates phase 2 mass grading
- Oakwood Estates detention pond.
- Storm water pump station no. 1
- Oakwood Estates lift station no. 1 – landscaping improvements

***Harris - Waller Counties Municipal Utility District No. 12
Management’s Discussion and Analysis
October 31, 2024***

Additionally, the District and the City of Waller (the “City”) have entered into an agreement which obligates the District to construct water, wastewater, and certain storm drainage and road facilities to serve the District and, when completed, to convey title to the facilities to the City. The City also assumes maintenance on certain public roads constructed within its boundaries. Detention facilities and certain other capital assets are retained by the District. For the year ended October 31, 2024, capital assets in the amount of \$10,171,547 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 11.

Long-Term Debt and Related Liabilities

As of October 31, 2024, the District owes approximately \$14,707,378 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District’s financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of \$5,375,301 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

During the current year, the District issued \$3,365,000 in unlimited tax bonds and \$4,150,000 in unlimited tax road bonds, all of which were outstanding as of the end of the fiscal year. The District did not have any bonded debt as of October 31, 2023.

At October 31, 2024, the District had \$191,135,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$194,500,000 for the refunding of such bonds; \$24,000,000 for parks and recreational facilities and \$24,000,000 for the refunding of such bonds; and \$55,250,000 for road improvements and \$59,400,000 for the refunding of such bonds.

Next Year’s Budget

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

	<u>2024 Actual</u>	<u>2025 Budget</u>
Total revenues	\$ 149,663	\$ 160,000
Total expenditures	<u>(432,013)</u>	<u>(296,274)</u>
Revenues under expenditures	(282,350)	(136,274)
Other changes in fund balance	<u>300,509</u>	<u>140,000</u>
Net change in fund balance	18,159	3,726
Beginning fund balance	<u>(63,842)</u>	<u>(45,683)</u>
Ending fund balance	<u><u>\$ (45,683)</u></u>	<u><u>\$ (41,957)</u></u>

(This page intentionally left blank)

Basic Financial Statements

Harris - Waller Counties Municipal Utility District No. 12
Statement of Net Position and Governmental Fund Balance Sheet
October 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 32,836	\$ -	\$ 418,346	\$ 451,182	\$ -	\$ 451,182
Investments		406,596		406,596		406,596
Taxes receivable, net	166,122	299,588		465,710		465,710
Internal balances	25,453		(25,453)			
Prepaid items	4,674			4,674		4,674
Capital assets not being depreciated					2,406,488	2,406,488
Capital assets, net					1,472,990	1,472,990
Total Assets	<u>\$ 229,085</u>	<u>\$ 706,184</u>	<u>\$ 392,893</u>	<u>\$ 1,328,162</u>	<u>3,879,478</u>	<u>5,207,640</u>
Liabilities						
Accounts payable	\$ 108,646	\$ -	\$ -	\$ 108,646		108,646
Accrued interest payable					24,876	24,876
Due to developer					14,707,378	14,707,378
Long-term debt						
Due after one year					7,515,000	7,515,000
Total Liabilities	<u>108,646</u>			<u>108,646</u>	<u>22,247,254</u>	<u>22,355,900</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>166,122</u>	<u>299,588</u>		<u>465,710</u>	<u>(2,285)</u>	<u>463,425</u>
Fund Balance/Net Position						
Fund Balance						
Nonspendable	4,674			4,674	(4,674)	
Restricted		406,596	392,893	799,489	(799,489)	
Unassigned	(50,357)			(50,357)	50,357	
Total Fund Balances	<u>(45,683)</u>	<u>406,596</u>	<u>392,893</u>	<u>753,806</u>	<u>(753,806)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 229,085</u>	<u>\$ 706,184</u>	<u>\$ 392,893</u>	<u>\$ 1,328,162</u>		
Net Position						
Net investment in capital assets					(334,161)	(334,161)
Restricted for debt service					381,720	381,720
Unrestricted					(17,659,244)	(17,659,244)
Total Net Position					<u>\$ (17,611,685)</u>	<u>\$ (17,611,685)</u>

See notes to basic financial statements.

Harris - Waller Counties Municipal Utility District No. 12
Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balance
For the Year Ended October 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 149,286	\$ -	\$ -	\$ 149,286	\$ (335)	\$ 148,951
Investment earnings	377	1,683	265	2,325		2,325
Total Revenues	149,663	1,683	265	151,611	(335)	151,276
Expenditures/Expenses						
Operating and administrative						
Professional fees	247,887		123,419	371,306		371,306
Contracted services	41,805			41,805		41,805
Repairs and maintenance	81,678			81,678		81,678
Utilities	7,670			7,670		7,670
Administrative	18,292			18,292		18,292
Other	34,681		40	34,721		34,721
Capital outlay			5,602,025	5,602,025	(5,602,025)	
Debt service						
Interest and fees					24,876	24,876
Developer interest			184,776	184,776		184,776
Debt issuance costs			659,499	659,499		659,499
Depreciation					35,495	35,495
Total Expenditures/Expenses	432,013		6,569,759	7,001,772	(5,541,654)	1,460,118
Revenues Over/(Under) Expenditures/Expenses	(282,350)	1,683	(6,569,494)	(6,850,161)	5,541,319	(1,308,842)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		404,913	7,110,087	7,515,000	(7,515,000)	
Repayment of operating advances			(147,700)	(147,700)	147,700	
Developer advances	247,699			247,699	(247,699)	
Other Items						
Insurance proceeds	52,810			52,810		52,810
Transfers to other governments					(10,171,547)	(10,171,547)
Net Change in Fund Balance	18,159	406,596	392,893	817,648	(817,648)	
Change in Net Position					(11,427,579)	(11,427,579)
Fund Balance/Net Position						
Beginning of the year	(63,842)	-	-	(63,842)	(6,120,264)	(6,184,106)
End of the year	\$ (45,683)	\$ 406,596	\$ 392,893	\$ 753,806	\$ (18,365,491)	\$ (17,611,685)

See notes to basic financial statements.

(This page intentionally left blank)

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris - Waller Counties Municipal Utility District No. 12 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created, and established as Harris County Municipal Utility District No. 554 pursuant to House Bill No. 4272, 85th Session of the Texas Legislature, Regular Session, codified as Chapter 7998, Texas Special District Local Law Code (the “Act”), effective June 12, 2017, and operates in accordance with Article XVI, Section 59 of the Texas Constitution and the Texas Water Code, Chapters 49 and 54. On August 14, 2023, the District received approval from the TCEQ to change the District’s name to Harris – Waller Counties Municipal Utility District No. 12. The Board of Directors held its first meeting on August 27, 2021 and the first bonds were issued on September 19, 2024.

The District is responsible for providing water, sewer, drainage, recreational, and road facilities within the District. As further discussed in Note 11, the District transfers the water, sewer and certain drainage and road facilities to the City of Waller for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 statements as component units.

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

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

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At October 31, 2024, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

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

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

Assets	Useful Life
Drainage	45 years
Landscaping improvements	20 years

The District’s detention facilities are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

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

Deferred inflows of financial resources at the government-wide level consist of the 2024 property tax levy, which was levied to finance the 2025 fiscal year.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District’s nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and capitalized interest from the sale of bonds in the Debt Service Fund.

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

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

Unassigned – deficit fund balance in the General Fund.

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

Use of Estimates

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

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental fund	\$ 753,806
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>	
Historical cost	\$ 3,914,973
Less accumulated depreciation	<u>(35,495)</u>
Change due to capital assets	3,879,478
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:</p>	
Bonds payable, net	(7,515,000)
Interest payable on bonds	<u>(24,876)</u>
Change due to long-term debt	(7,539,876)
<p>Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i>.</p>	
	(14,707,378)
<p>Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.</p>	
	2,285
Total net position - governmental activities	<u><u>\$ (17,611,685)</u></u>

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

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

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

Net change in fund balances - total governmental fund \$ 817,648

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference consists of property taxes and related penalties and interest. (335)

Governmental funds report capital outlays for construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 5,602,025	
Depreciation expense	(35,495)	
		5,566,530

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government-wide statements.

Issuance of long-term debt	(7,515,000)	
Interest expense accrual	(24,876)	
		(7,539,876)

Amounts paid to the District's developer for operating advances use financial resources at the fund level, but are recorded as a reduction in the liability in the *Statement of Net Position*. 147,700

Amounts received from the District's developer for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position*. (247,699)

The District conveys certain infrastructure to the City of Waller upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments. (10,171,547)

Change in net position of governmental activities		\$ (11,427,579)

Note 3 – Implementation of New Accounting Guidance

During the current fiscal year, the District implemented GASB Implementation Guide (“GASBIG”) 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. This new guidance had no effect on the District’s financial statements during the current fiscal year.

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 4 – Deposits and Investments (continued)

Investments (continued)

As of October 31, 2024, the District’s investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	Debt Service	\$ 406,596	AAAm	27 days

TexSTAR

The Texas Short Term Asset Reserve fund (“TexSTAR”) is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

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

Note 5 – Interfund Balances

Amounts due to/from other funds at October 31, 2024, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Capital Projects Fund	\$ 25,453	Debt issuance cost paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended October 31, 2024, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 1,041,740	\$ 1,364,748	\$ 2,406,488
Capital assets being depreciated			
Drainage facilities		1,437,459	1,437,459
Landscaping improvements		71,026	71,026
		<u>1,508,485</u>	<u>1,508,485</u>
Less accumulated depreciation			
Drainage facilities		(31,944)	(31,944)
Landscaping improvements		(3,551)	(3,551)
		<u>(35,495)</u>	<u>(35,495)</u>
Subtotal depreciable capital assets, net		<u>1,472,990</u>	<u>1,472,990</u>
Capital assets, net	<u>\$ 1,041,740</u>	<u>\$ 2,837,738</u>	<u>\$ 3,879,478</u>

Depreciation expense for the current fiscal year was \$35,495.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Paid To Date	Remaining Amount
Lift Station/Pump Station No. 1 - landscaping & wood fence	\$ 55,820	-	\$ 55,820

Note 7 – Due to Developers

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

The District’s developers have also advanced funds to the District for operating expenses.

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 7 – Due to Developers (continued)

Changes in the estimated amounts due to developers during the year are as follows:

Due to developers, beginning of year	\$ 7,164,624
Developer reimbursements	(5,602,025)
Developer funded construction and adjustments	13,044,780
Repayment of operating advances	(147,700)
Operating advances from developers	247,699
Due to developers, end of year	<u>\$ 14,707,378</u>

In addition, the District will owe the developers approximately \$5,375,301, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	<u>Contract Amount</u>	<u>Percent Complete</u>
Oakwood Estates Section 4 - utilities	\$ 3,225,304	88%
Oakwood Estates Section 4 - paving	1,718,011	0%
Oakwood Estates detention pond - landscaping	431,986	0%
	<u>\$ 5,375,301</u>	

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 7,515,000</u>
Due within one year	<u>\$ -</u>

The District’s bonds payable at October 31, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2024	\$ 3,365,000	\$ 3,365,000	4.00% - 6.50%	September 1, 2026/2049	March 1, September 1	September 1, 2030
2024 Road	4,150,000	4,150,000	4.00% - 6.50%	September 1, 2026/2049	March 1, September 1	September 1, 2030
	<u>\$ 7,515,000</u>					

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 8 – Long-Term Debt (continued)

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

At October 31, 2024, the District had authorized but unissued bonds in the amount of \$191,135,000 for water, sewer and drainage facilities and \$194,500,000 for the refunding of such bonds; \$24,000,000 for park and recreational facilities and \$24,000,000 for the refunding of such bonds; and \$55,250,000 for road improvements and \$59,400,000 for the refunding of such bonds.

On September 19, 2024, the District issued its \$3,365,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.495166%. Proceeds of the bonds were used (1) to reimburse developers for the following: the construction of capital assets within the District; engineering and other costs associated with the construction of capital assets; the acquisition of land for certain District facilities; and operating advances; (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

On October 16, 2024, the District issued its \$4,150,000 Series 2024 Unlimited Tax Road Bonds at a net effective interest rate of 4.271046%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District; and to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	\$ -
Bonds issued	<u>7,515,000</u>
Bonds payable, end of year	<u><u>\$ 7,515,000</u></u>

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 8 – Long-Term Debt (continued)

As of October 31, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	\$ -	\$ 299,642	\$ 299,642
2026	175,000	329,525	504,525
2027	180,000	318,150	498,150
2028	190,000	306,825	496,825
2029	200,000	294,475	494,475
2030	210,000	281,475	491,475
2031	220,000	267,825	487,825
2032	230,000	259,025	489,025
2033	245,000	249,825	494,825
2034	255,000	240,025	495,025
2035	265,000	229,825	494,825
2036	280,000	219,225	499,225
2037	290,000	208,025	498,025
2038	305,000	196,425	501,425
2039	320,000	184,225	504,225
2040	335,000	171,244	506,244
2041	350,000	157,656	507,656
2042	370,000	143,269	513,269
2043	380,000	128,056	508,056
2044	400,000	112,431	512,431
2045	425,000	95,981	520,981
2046	440,000	78,506	518,506
2047	460,000	60,419	520,419
2048	485,000	41,250	526,250
2049	505,000	21,045	526,045
	<u>\$ 7,515,000</u>	<u>\$ 4,894,374</u>	<u>\$ 12,409,374</u>

Note 9 – Property Taxes

On May 7, 2022, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value and a road maintenance tax limited to \$0.25 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Harris - Waller Counties Municipal Utility District No. 12
Notes to Financial Statements
October 31, 2024

Note 9 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Harris Central Appraisal District and Waller County 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.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of \$0.99 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$151,115 on the adjusted taxable value of \$15,264,173.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District’s use during the current fiscal year. On the government-wide *Statement of Net Position*, the full 2024 tax levy of \$463,425 is reported as deferred inflows. These amounts will be recognized as revenue in 2025.

Property taxes receivable, at October 31, 2024, consisted of the following:

Current year taxes receivable	\$ 463,425
Prior years taxes receivable	1,830
	<u>465,255</u>
Penalty and interest receivable	455
Property taxes receivable	<u><u>\$ 465,710</u></u>

Note 10 – Transfers to Other Governments

In accordance with an agreement between the District and the City of Waller (the “City”), the District transfers all of its water, sewer, and certain drainage and road facilities to the City (see Note 11). Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developers are subsequently reimbursed. For the year ended October 31, 2024, the District reported transfers to other governments in the amount of \$10,171,547 for projects completed and transferred to the City.

Note 11 – Utility Agreement with the City of Waller

On August 21, 2017, the District entered into a utility agreement, subsequently amended and restated on January 31, 2022, November 21, 2022 and November 18, 2024, with the City of Waller (the “City”) for construction and extension of water distribution lines, sanitary sewer collection systems and public drainage facilities to serve the District. The City also assumes maintenance of public roads constructed within its boundaries. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is forty-five years.

Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

The District shall pay a capital recovery fee to the City for each water connection and each sewer connection in the amount of \$2,611 per combined connection. As of October 31, 2024, the District has not yet made such a payment to the City.

Note 12 – Risk Management

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

Note 13 – Economic Dependency

The District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers’ willingness to make future operating advances and/or to pay property taxes will directly affect the District’s ability to meet its future obligations.

(This page intentionally left blank)

Required Supplementary Information

*Harris - Waller Counties Municipal Utility District No. 12
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended October 31, 2024*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 135,000	\$ 149,286	\$ 14,286
Investment earnings		377	377
Total Revenues	<u>135,000</u>	<u>149,663</u>	<u>14,663</u>
Expenditures			
Operating and administrative			
Professional fees	125,000	247,887	(122,887)
Contracted services	27,000	41,805	(14,805)
Repairs and maintenance	62,000	81,678	(19,678)
Utilities	6,000	7,670	(1,670)
Administrative	32,274	18,292	13,982
Other	2,500	34,681	(32,181)
Total Expenditures	<u>254,774</u>	<u>432,013</u>	<u>(177,239)</u>
Revenues Under Expenditures	(119,774)	(282,350)	(162,576)
Other Financing Sources			
Developer advances	120,000	247,699	127,699
Other item			
Insurance proceeds		52,810	52,810
Net Change in Fund Balance	226	18,159	17,933
Fund Balance			
Beginning of the year	(63,842)	(63,842)	
End of the year	<u>\$ (63,616)</u>	<u>\$ (45,683)</u>	<u>\$ 17,933</u>

Harris - Waller Counties Municipal Utility District No. 12
Notes to Required Supplementary Information
October 31, 2024

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

(This page intentionally left blank)

Texas Supplementary Information

Harris - Waller Counties Municipal Utility District No. 12

TSI-1. Services and Rates

October 31, 2024

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

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y/N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Regional water fee:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

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

b. Water and Wastewater Retail Connections:

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

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-1. Services and Rates
October 31, 2024

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

Gallons pumped into system:	<u> N/A </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u> N/A </u>	<u> N/A </u>

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

Does the District have Debt Service standby fees? Yes No

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Harris and Waller Counties

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

City(ies) in which the District is located: City of Waller

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

Entirely Partly Not at all

ETJs in which the District is located: _____

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

If Yes, by whom? _____

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-2. General Fund Expenditures
For the Year Ended October 31, 2024

Professional fees	
Legal	\$ 196,059
Audit	12,000
Engineering	39,828
	<u>247,887</u>
Contracted services	
Bookkeeping	13,250
Operator	12,367
Tax collector	13,617
Appraisal District	2,571
	<u>41,805</u>
Repairs and maintenance	<u>81,678</u>
Utilities	<u>7,670</u>
Administrative	
Directors fees	12,818
Printing and office supplies	1,977
Insurance	1,062
Other	2,435
	<u>18,292</u>
Other	<u>34,681</u>
Total expenditures	<u>\$ 432,013</u>

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-3. Investments
October 31, 2024

Fund	Interest Rate	Maturity Date	Balance at End of Year
Debt Service			
TexSTAR	Variable	N/A	\$ 227,465
TexSTAR	Variable	N/A	179,131
			<u>\$ 406,596</u>

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-4. Taxes Levied and Receivable
October 31, 2024

	Maintenance Taxes	WSD Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 107,343	\$ -	\$ -	\$ 107,343
Adjustments to Prior Year Tax Levy	43,773			43,773
Adjusted Receivable	151,116			151,116
2024 Original Tax Levy	160,290	137,391	155,710	453,391
Adjustments	3,547	3,041	3,446	10,034
Adjusted Tax Levy	163,837	140,432	159,156	463,425
Total to be accounted for	314,953	140,432	159,156	614,541
Tax collections:				
Prior years	149,286			149,286
Taxes Receivable, End of Year	\$ 165,667	\$ 140,432	\$ 159,156	\$ 465,255
Taxes Receivable, By Years				
2024	\$ 163,837	\$ 140,432	\$ 159,156	\$ 463,425
2023	1,830			1,830
Taxes Receivable, End of Year	\$ 165,667	\$ 140,432	\$ 159,156	\$ 465,255
	2024	2023	2022	
Property Valuations:				
Land	\$ 22,678,526	\$ 15,266,525	\$ 2,352	
Improvements	26,291,678			
Personal Property	102,941			
Exemptions	(2,262,489)	(2,352)	(2,352)	
Total Property Valuations	\$ 46,810,656	\$ 15,264,173	\$ -	
Tax Rates per \$100 Valuation:				
Maintenance tax rate	\$ 0.35	\$ 0.99	\$ 0.99	
Debt service tax rates	0.30			
Road debt service tax rates	0.34			
Total Tax Rates per \$100 Valuation	\$ 0.99	\$ 0.99	\$ 0.99	
Adjusted Tax Levy:	\$ 463,425	\$ 151,115	\$ -	
Percentage of Taxes Collected to Taxes Levied ***	0.00%	98.79%	100.00%	

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on May 7, 2022

** Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on May 7, 2022

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

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
October 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ -	\$ 143,236	\$ 143,236
2026	80,000	150,775	230,775
2027	80,000	145,575	225,575
2028	85,000	140,375	225,375
2029	90,000	134,850	224,850
2030	95,000	129,000	224,000
2031	100,000	122,825	222,825
2032	105,000	118,825	223,825
2033	110,000	114,625	224,625
2034	115,000	110,225	225,225
2035	120,000	105,625	225,625
2036	125,000	100,825	225,825
2037	130,000	95,825	225,825
2038	135,000	90,625	225,625
2039	145,000	85,225	230,225
2040	150,000	79,244	229,244
2041	155,000	73,056	228,056
2042	165,000	66,469	231,469
2043	170,000	59,456	229,456
2044	180,000	52,231	232,231
2045	190,000	44,581	234,581
2046	195,000	36,506	231,506
2047	205,000	28,219	233,219
2048	215,000	19,250	234,250
2049	225,000	9,845	234,845
	<u>\$ 3,365,000</u>	<u>\$ 2,257,293</u>	<u>\$ 5,622,293</u>

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
October 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ -	\$ 156,406	\$ 156,406
2026	95,000	178,750	273,750
2027	100,000	172,575	272,575
2028	105,000	166,450	271,450
2029	110,000	159,625	269,625
2030	115,000	152,475	267,475
2031	120,000	145,000	265,000
2032	125,000	140,200	265,200
2033	135,000	135,200	270,200
2034	140,000	129,800	269,800
2035	145,000	124,200	269,200
2036	155,000	118,400	273,400
2037	160,000	112,200	272,200
2038	170,000	105,800	275,800
2039	175,000	99,000	274,000
2040	185,000	92,000	277,000
2041	195,000	84,600	279,600
2042	205,000	76,800	281,800
2043	210,000	68,600	278,600
2044	220,000	60,200	280,200
2045	235,000	51,400	286,400
2046	245,000	42,000	287,000
2047	255,000	32,200	287,200
2048	270,000	22,000	292,000
2049	280,000	11,200	291,200
	<u>\$ 4,150,000</u>	<u>\$ 2,637,081</u>	<u>\$ 6,787,081</u>

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
October 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ -	\$ 299,642	\$ 299,642
2026	175,000	329,525	504,525
2027	180,000	318,150	498,150
2028	190,000	306,825	496,825
2029	200,000	294,475	494,475
2030	210,000	281,475	491,475
2031	220,000	267,825	487,825
2032	230,000	259,025	489,025
2033	245,000	249,825	494,825
2034	255,000	240,025	495,025
2035	265,000	229,825	494,825
2036	280,000	219,225	499,225
2037	290,000	208,025	498,025
2038	305,000	196,425	501,425
2039	320,000	184,225	504,225
2040	335,000	171,244	506,244
2041	350,000	157,656	507,656
2042	370,000	143,269	513,269
2043	380,000	128,056	508,056
2044	400,000	112,431	512,431
2045	425,000	95,981	520,981
2046	440,000	78,506	518,506
2047	460,000	60,419	520,419
2048	485,000	41,250	526,250
2049	505,000	21,045	526,045
	<u>\$ 7,515,000</u>	<u>\$ 4,894,374</u>	<u>\$ 12,409,374</u>

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-6. Change in Long-Term Bonded Debt
October 31, 2024

	Bond Issue		Totals
	Series 2024	Series 2024 Road	
Interest rate	4.00% - 6.50%	4.00% - 6.50%	
Dates interest payable	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/26 - 9/1/49	9/1/26 - 9/1/49	
Beginning bonds outstanding	\$ -	\$ -	\$ -
Bonds issued	3,365,000	4,150,000	7,515,000
Bonds retired			
Ending bonds outstanding	<u>\$ 3,365,000</u>	<u>\$ 4,150,000</u>	<u>\$ 7,515,000</u>
Interest paid during fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Paying agent's name and city All Series	<u>BOKF, NA, Dallas, Texas</u>		

Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds
Amount Authorized by Voters	\$ 194,500,000	\$ 24,000,000	\$ 59,400,000
Amount Issued	(3,365,000)		(4,150,000)
Remaining To Be Issued	<u>\$ 191,135,000</u>	<u>\$ 24,000,000</u>	<u>\$ 55,250,000</u>

Bond Authority:	Water, Sewer and Drainage Refunding Bonds	Park Refunding Bonds	Road Refunding Bonds
Amount Authorized by Voters	\$ 194,500,000	\$ 24,000,000	\$ 59,400,000
Amount Issued			
Remaining To Be Issued	<u>\$ 194,500,000</u>	<u>\$ 24,000,000</u>	<u>\$ 59,400,000</u>

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

Debt Service Fund cash and investment balances as of October 31, 2024: \$ 406,596

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 496,375

See accompanying auditors' report.

(This page intentionally left blank)

Harris - Waller Counties Municipal Utility District No. 12
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Four Fiscal Years

	Amounts			
	2024	2023	2022**	2021**
Revenues				
Property taxes	\$ 149,286	\$ -	\$ -	\$ -
Miscellaneous		963		
Investment earnings	377	13		
Total Revenues	<u>149,663</u>	<u>976</u>		
Expenditures				
Operating and administrative				
Professional fees	247,887	122,131	143,847	
Contracted services	41,805	16,303	9,438	
Repairs and maintenance	81,678	12,071		
Utilities	7,670	790		
Administrative	18,292	17,331	16,505	4,404
Other	34,681	2,477	1,447	1,974
Total Expenditures	<u>432,013</u>	<u>171,103</u>	<u>171,237</u>	<u>6,378</u>
Revenues Under Expenditures	<u>\$ (282,350)</u>	<u>\$ (170,127)</u>	<u>\$ (171,237)</u>	<u>\$ (6,378)</u>

*Percentage is negligible

** Unaudited

See accompanying auditors' report.

Percent of Fund Total Revenues

2024	2023	2022**	2021**
100%		- %	- %
	99%		
*	1%		
100%	100%	-	-
166%	12513%	-	
28%	1670%	-	
55%	1237%		
5%	81%		
12%	1776%	-	-
23%	254%	-	-
289%	17531%	-	-
(189%)	(17431%)	-	-

Harris - Waller Counties Municipal Utility District No. 12
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Current Fiscal Year

	Amounts	Percent of Fund Total Revenues
	<u>2024</u>	<u>2024</u>
Revenues		
Investment earnings	<u>\$ 1,683</u>	<u>100%</u>
Expenditures		
Total Expenditures	<u>-</u>	<u>0%</u>
Revenues Over Expenditures	<u><u>\$ 1,683</u></u>	<u><u>100%</u></u>

See accompanying auditors' report.

Harris - Waller Counties Municipal Utility District No. 12
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended October 31, 2024

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027
 District Business Telephone Number: (713) 860-6400
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): May 21, 2024
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Joan L. Ryman	05/24 - 05/28	\$ 2,652	\$ 32	President
Matthew O'Neill	05/22 - 05/26	2,431	19	Vice President
Donald R. Hayter	05/24 - 05/28	2,873	398	Secretary
Geneva Van Zijll	05/24 - 05/28	1,989	267	Assistant Vice President
Justin Klump	05/22 - 05/26	2,873	442	Assistant Secretary
Consultants				
Allen Boone Humphries Robinson, LLP	08/21	Amounts Paid		Attorney
<i>General legal fees</i>		\$ 88,518		
<i>Bond counsel</i>		225,499		
Inframark, LLC	03/23	15,991		Operator
Myrtle Cruz, Inc.	08/21	18,143		Bookkeeper
LJA Engineering & Surveying, Inc.	08/21	101,084		Engineer
Assessments of the Southwest, Inc.	08/21	13,617		Tax Collector
Harris Central Appraisal District	Legislation	2,571		Property Valuation
Waller County Appraisal District	Legislation			Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/22	289		Delinquent Tax Attorney
McGrath & Co., PLLC	09/23	19,000		Auditor
Robert W. Baird & Co., Inc.	06/22	154,504		Financial Advisor

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

See accompanying auditors' report.