OFFICIAL STATEMENT DATED JULY 28, 2026

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 418, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE ***NOT*** *BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS."*

NEW ISSUE-BOOK-ENTRY-ONLY

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 418

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

$13,150,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

Dated Date: September 1, 2026 **Due: September 1, as shown below**
Interest Accrual Date: Date of Delivery

The $13,150,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are being issued by Harris County Municipal Utility District No. 418 (the "District" or the "Master District"). Principal of the Bonds is payable at maturity or prior redemption. Interest on the Bonds initially accrues from the date of delivery (the "Date of Delivery," expected to be on or about September 2, 2026), and is payable on March 1, 2027. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown below.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein under "BOOK-ENTRY-ONLY SYSTEM.") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (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. See "BOOK-ENTRY-ONLY SYSTEM."

MATURITY SCHEDULE

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2028	$ 250,000	4.000 %	4.000 %	41425Q AA1	2033	$ 320,000 (a)	4.250 %	4.250 %	41425Q AF0
2029	260,000	4.000	4.000	41425Q AB9	2034	335,000 (a)	4.375	4.375	41425Q AG8
2030	275,000	4.000	4.000	41425Q AC7	2035	355,000 (a)	4.500	4.500	41425Q AH6
2031	290,000	4.100	4.100	41425Q AD5	2036	375,000 (a)	4.600	4.600	41425Q AJ2
2032	305,000	4.200	4.200	41425Q AE3	2037	395,000 (a)	4.700	4.700	41425Q AK9

$850,000 Term Bonds due September 1, 2039 (a), 41425Q AM5 (c), 4.750% Interest Rate, 4.850% Yield (b)
$940,000 Term Bonds due September 1, 2041 (a), 41425Q AP8 (c), 4.850% Interest Rate, 5.000% Yield (b)
$1,610,000 Term Bonds due September 1, 2044 (a), 41425Q AS2 (c), 5.000% Interest Rate, 5.000% Yield (b)
$3,285,000 Term Bonds due September 1, 2049 (a), 41425Q AX1 (c), 5.125% Interest Rate, 5.125% Yield (b)
$3,305,000 Term Bonds due September 1, 2053 (a), 41425Q BB8 (c), 5.250% Interest Rate, 5.250% Yield (b)

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

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. **INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about September 2, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas, 77056, upon payment of the costs of duplication thereof.

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by The GMS Group, LLC (the "Underwriter"), paying the interest rates shown on the cover page hereof, at a price of 97.00% of the principal amount thereof which resulted in a net effective interest rate of 5.227107% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

Prices and Marketability

Information concerning initial reoffering yields or prices is the responsibility of the Underwriter.

Except as otherwise described in the OFFICIAL NOTICE OF SALE under "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS—Establishing the Issue Price of the Bonds," the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... The District is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the "TCEQ") on February 21, 2005, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently includes approximately 731 acres of land within its boundaries. See "THE DISTRICT."

Location... The District consists of three non-contiguous tracts, all of which are wholly within the exclusive extraterritorial jurisdiction of the City of Houston and each located approximately 25 miles northwest of the central downtown business district of the City of Houston, Texas Approximately 203 acres within the District (the "Eastern Tract") is bounded on the east by Texas State Highway 99 (the "Grand Parkway"), on the north by North Bridgeland Lake Parkway and on the west within Harris County Water Control and Improvement District No. 157 ("WCID 157"). Approximately 177 acres within the District (the "Western Tract") bounded on the east by the Grand Parkway, on the south by North Bridgeland Lake Parkway, and on the north and west by Cypress Creek. Approximately 351 acres within the District (the "Northeastern Tract") is bounded on the north by Texas State Highway 290, on the west by acreage and detention facilities serving a residential subdivision, on the south by House Hahl Road and a residential subdivision, and on the east by House Hahl Road, a residential subdivision and Cypress Sports and Business Complex. Access to the Northeastern Tract is provided by Texas State Highway 290 to House Hahl Road and access to the Eastern Tract and Western Tract is provided by the Grand Parkway to Bridgeland Creek Parkway. See "THE DISTRICT" and "AERIAL LOCATION MAP."

Bridgeland… The District is part of the master-planned community of Bridgeland, currently consisting of the District, three water control and improvement districts, six other municipal utility districts, and approximately 1,226 acres not currently located within any district. All of the land within the District is included within the boundaries of WCID 157 or Harris County Water Control and Improvement District No. 158 ("WCID 158"). The development of Bridgeland is planned by the Bridgeland Development (defined herein) to ultimately encompass approximately 11,400 acres. See "RISK FACTORS—Overlapping Debt and Taxes," "BRIDGELAND," and "THE DISTRICT."

The Developers and Major Property Owners… Bridgeland Development, LP, a Maryland limited partnership ("Bridgeland Development") is the developer of Bridgeland. Bridgeland Development is wholly owned by Howard Hughes Holdings Inc., a Delaware corporation ("HHH"). HHH is a public company whose stock is traded on the New York Stock Exchange under the ticker symbol HHH.

Prologis L.P., a Delaware limited partnership ("Prologis"), whose general partner is Prologis, Inc., a Maryland corporation, acquired approximately 351 acres (approximately 294 developable acres) for development of Prologis Legacy Point, a master planned industrial park within the boundaries of the Northeastern Tract. All of such acreage is served by trunkline utilities for water and wastewater, drainage facilities, and is also served by road facilities. Prologis is a public company whose stock is traded on the New York Stock Exchange under the ticker symbol PLD. Prologis conveyed approximately 223 acres to Prologis Exchange TX 2010 LLC, a Texas limited liability company ("Prologis Exchange"), a special purpose entity formed by Prologis for the sole purpose of owning and developing industrial warehouse buildings within Prologis Legacy Point. Prologis continues to own approximately 128 acres within the District.

Bridgeland Development and Prologis are collectively referred to herein as the "Developers." See "THE DISTRICT—Status of Development," "THE DEVELOPERS," and "TAX DATA—Principal Taxpayers."

BLVG Retail I LLC, a Delaware limited liability company ("BLVG Retail I") is a special purpose entity formed by HHH for the sole purpose of developing, owning and managing commercial and retail development within Village Green at Bridgeland Central on approximately 21 acres within the boundaries of the Eastern Tract. BLVG Retail I does not own any additional developable acreage within the District.

BL Mass Timber Office LLC, a Delaware limited liability company ("BL Mass Timber Office") is a special purpose entity formed by HHH for the sole purpose of developing, owning and managing a three-story Mass Timber office building within Village Green at Bridgeland Central on approximately 2 acres within the boundaries of the Eastern Tract BL Mass Timber Office does not own any additional developable acreage within the District.

BLVG Retail I and BL Mass Timber Office are Major Property Owners in the District.

Status of Development… <u>Commercial/Retail</u>: Commercial and retail development currently includes the first phase of Village Green at Bridgeland Central on approximately 23 acres within the boundaries of the Eastern Tract and consists of an approximate 128,000 square foot HEB grocery store and fuel station, a 3-story 49,351 square foot Mass Timber office building, Starbucks, pilates studio, nail spa, Memorial Hermann-GoHealth Urgent Care center, and five restaurants including Jonathan's the Rub, Crust Pizza Co., Sweet Paris Creperie and Café, Gelato & Co. and P. Terry's Burger Stand.

<u>Industrial</u>: Industrial development within Prologis Legacy Point consists of a 407,302 square foot cross-dock warehouse on approximately 23 acres and is currently one hundred percent (100%) leased by Enchanted Rock, a Houston-based company that produces natural gas power generators and microgrid systems. Additionally, a 1,002,406 square foot cross-dock warehouse is under construction on approximately 49 acres with completion estimated in the first quarter of 2027.

There are approximately 435 developable acres of land of which approximately 299 acres are served with trunkline utilities for water, wastewater, and drainage and is also served by road facilities, but no vertical construction has commenced and approximately 201 acres that are undevelopable. See "RISK FACTORS," "THE DISTRICT—Status of Development" and "AERIAL LOCATION MAP."

Water and Wastewater Facilities… The District has constructed internal water, sewer and drainage facilities within its boundaries. Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by facilities owned and operated by the District, in its capacity as the regional provider of such services (the "Master District"). See "WATER, WASTEWATER AND DRAINAGE."

Roads… The District has constructed a road system (the "Roads") to serve the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. The Roads to be financed by the Bonds include Bridgeland Creek Parkway, Summit Point Crossing, Peek Road, North Bridgeland Lake Parkway and Mound Road. See "ROADS."

Storm Drainage… WCID 157 or WCID 158 provide or will provide detention facilities and major drainage and channel improvements to serve the land within their boundaries, also included within the District. See "MAJOR CHANNEL AND DETENTION IMPROVEMENTS."

Overlapping Debt Obligations… All of the land within the District is included within the boundaries of either WCID 157, or WCID 158 and is also subject to taxation by either WCID 157 or WCID 158. WCID 157 levied a 2025 tax rate in the amount of $0.35 per $100 of taxable assessed valuation. WCID 157 has a total of $70,080,000 in aggregate principal amount of bonds payable from ad valorem taxes that remain outstanding as of the date hereof. WCID 158 levied a 2025 tax rate in the amount of $0.50 per $100 of taxable assessed valuation. WCID 158 has a total of $75,410,000 in aggregate principal amount of bonds payable from ad valorem taxes that remain outstanding as of the date hereof. The District's 2025 tax rate of $1.00 per $100 of taxable assessed valuation, in combination with the 2025 tax rates of WCID 157 or WCID 158 is $1.35 per $100 of taxable assessed valuation and $1.50 per $100 of taxable assessed valuation, respectively. See "RISK FACTORS—Overlapping Debt and Taxes."

Payment Record… The District has no prior debt history. Twenty-four (24) months of interest will be capitalized from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

THE BONDS

Description...	The $13,150,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are being issued as fully registered bonds pursuant to an order (the "Bond Order") authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in the years 2028 through 2037, both inclusive, and as term bonds maturing on September 1 in each of the years 2039, 2041, 2044, 2049 and 2053 (the "Term Bonds"), in the respective amounts and bearing interest at the rates for each maturity shown on the cover page hereof. The Bonds will be issued in book-entry form only in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from the Date of Delivery, and is payable on March 1, 2027. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. See "THE BONDS."
Book-Entry-Only System...	The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC or its designee. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on or after September 1, 2033, are subject to redemption at the option of the District in whole, or from time to time in part, prior to their maturity dates on September 1, 2032, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds of the Bonds will be used to finance road facilities as shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to capitalize twenty-four (24) months of interest on the Bonds; to pay interest on funds advanced by the Developers on behalf of the District; to pay engineering fees and administrative costs; and to pay certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance...	The Bonds are the first series of bonds issued out of an aggregate of $291,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road facilities. The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, and the Bond Order. See "RISK FACTORS—Future Debt," "THE BONDS—Authority for Issuance," and "—Issuance of Additional Debt."
Source of Payment...	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. See "THE BONDS—Source and Security for Payment" and "—Funds."
Municipal Bond Rating...	The District has not applied for an underlying investment grade rating nor is it expected that the District would have been successful if such application had been made. See "MUNICIPAL BOND RATING."
Not Qualified Tax-Exempt Obligations...	The District has not designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS—Not Qualified Tax-Exempt Obligations."
Bond Counsel...	Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."
Financial Advisor…	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Certified Taxable Assessed Valuation	$ 82,051,864	(a)
Estimated Taxable Assessed Valuation as of April 15, 2026	$131,970,660	(b)
Gross Direct Debt Outstanding (the Bonds)	$13,150,000	
Estimated Overlapping Debt	10,842,102	(c)
Gross Direct Debt and Estimated Overlapping Debt	$23,992,102	
Ratios of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation	16.03%	
Estimated Taxable Assessed Valuation as of April 15, 2026	9.96%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation	29.24%	
Estimated Taxable Assessed Valuation as of April 15, 2026	18.18%	
Funds Available for Debt Service:		
Capitalized Interest from proceeds of the Bonds (Twenty-four (24) months)	$1,288,960	(d)
Funds Available for Maintenance and Operations as of June 23, 2026	$ 893,763	
2025 Total Tax Rate (All Maintenance)	$1.00	
Average Annual Debt Service Requirement (2027-2053)	$912,545	(e)
Maximum Annual Debt Service Requirement (2050)	$938,513	(e)
Tax Rate Required to Pay Average Annual Debt Service (2027-2053) at a 90% Collection Rate		
Based upon 2025 Certified Taxable Assessed Valuation	$1.24	(f)
Based upon Estimated Taxable Assessed Valuation as of April 15, 2026	$0.77	(f)
Tax Rate Required to Pay Maximum Annual Debt Service (2050) at a 90% Collection Rate		
Based upon 2025 Certified Taxable Assessed Valuation	$1.28	(f)
Based upon Estimated Taxable Assessed Valuation as of April 15, 2026	$0.80	(f)

(a) As certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES." The Appraisal District has provided a preliminary indication of the 2026 taxable value (as of January 1, 2026) and includes $121,046,846 of real property value and does not include an amount for personal property value. The 2025 certified amount of personal property was $11,945,296. The 2026 Preliminary Taxable Assessed Valuation is $132,92,142, which includes the 2026 preliminary real value plus the 2025 certified personal property value. The 2026 Preliminary Taxable Value is subject to property owner protest, review and downward adjustment prior to certification and is not included in the debt ratio or tax rate calculation shown throughout this OFFICIAL STATEMENT.

(b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on April 15, 2026, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2026 and April 15, 2026 will be certified as of January 1, 2027. See "TAXING PROCEDURES."

(c) See "RISK FACTORS—Overlapping Debt and Taxes," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt," and "—Overlapping Taxes."

(d) The District will capitalize twenty-four (24) months of interest from proceeds of the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

(e) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(f) See "RISK FACTORS—Possible Impact on District Tax Rates" and "TAX DATA—Tax Adequacy for Debt Service."

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 418

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

$13,150,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 418 (the "District") of its $13,150,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued by the District pursuant to the terms and provisions of Article III, Chapter 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, and an order authorizing the issuance, sale and delivery of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, Bridgeland Development, LP, a Maryland limited partnership ("Bridgeland Development"), BLVG Retail I LLC, a Delaware limited liability company ("BLVG Retail I"), BL Mass Timber Office LLC, a Delaware limited liability company ("BL Mass Timber Office"), Prologis L.P., a Delaware limited partnership ("Prologis"), and development activity in the District. Bridgeland Development and Prologis are collectively referred to herein as the "Developers." All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, upon payment of duplication costs therefor.

RISK FACTORS

General

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

Dependence on Principal Taxpayers and the Developers

THE DISTRICT IS IN THE EARLY STAGES OF DEVELOPMENT. THERE IS A HIGH CONCENTRATION OF OWNERSHIP OF TAXABLE VALUE. The ten principal taxpayers within the District represent $82,034,366 or 99.98% of the 2025 Certified Taxable Assessed Valuation of $82,051,864, which represents ownership as of January 1, 2025. The Major Property Owners, BLVG Retail I and BL Mass Timber Office represent $61,652,185 or 75.14% of the 2025 Certified Taxable Assessed Valuation. If the Developers, BLVG Retail I and BL Mass Timber Office or another principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the debt service fund (see "THE BONDS—Source and Security for Payment"), the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis could have a material effect upon the District's ability to pay debt service on the Bonds on a current basis. See "Tax Collections Limitations and Foreclosure Remedies" in this section, "THE DEVELOPERS" and "TAXING PROCEDURES—Levy and Collection of Taxes."

The Developers have informed the District that their current plans are to continue developing their property in the District. However, neither the Developers, their subsidiaries, their affiliates or any future developer are obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers, their subsidiaries and other landowners to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developers, any of their subsidiaries or affiliates or any other landowners.

Undeveloped Acreage and Vacant Land

There are approximately 136 developable acres of land within the District and approximately 299 acres served by trunkline utilities for water and wastewater, drainage facilities, and is also served by road facilities and that do not have any vertical construction at this time. Failure of the Developers to develop the developable land or of builders to construct taxable improvements on developed tracts could restrict the rate of growth of taxable value in the District. The District makes no representation as to when or if development of the undeveloped acreage will occur. See "THE DISTRICT—Status of Development."

Increase in Costs of Building Materials

As a result of ongoing trade disputes including tariffs and retaliatory tariffs, construction activity within the District could be materially impacted. Further, trade disruptions based on the federal administration's unpredictable tariff policy (including the threatened imposition of tariffs) could increase the cost of materials for new construction in the District. Any material impacts to the levels of construction activity within the District could restrict the growth of property values or could adversely impact existing values. The District makes no representations regarding the effects that current or future economic or governmental circumstances may have on property values or construction activity within the District.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of commercial, office, retail, and industrial, and vacant tracts of land. The market value of such properties is related to general economic conditions in the greater Houston metropolitan region and the national economy and those conditions can affect the demand for such properties. Demand for land and industrial/manufacturing/commercial sites of this type and the construction of commercial improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DISTRICT—Status of Development."

Personal Property

A significant portion of the District's 2025 tax base is comprised of constructed retail, commercial and distribution/warehouse facilities. As of the 2025 certified tax roll provided by the Appraisal District, approximately 14.56% of such certified value is comprised of personal property due to timing of construction and appraisal roll. Such percentage of personal property is likely to increase significantly as more buildings and other improvements in the District are completed and upon release of the certified valuation for tax year 2026. Unlike real property, there is no certainty that personal property will remain in the District from year to year. Business inventories are portable and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year. See "THE DEVELOPERS" and "TAX DATA—Principal Taxpayers."

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Developers/Property Owners Obligation to the District

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

Competition

The District is located approximately 25 miles northwest of downtown Houston where substantial development is occurring and competing commercial facilities may be built with more convenient locations or lower rents. These facilities could attract the business located in the District and may accordingly adversely affect the business in or values of the District. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2025 Certified Taxable Assessed Valuation is $82,051,864. After issuance of the Bonds, the maximum annual debt service requirement will be $938,513 (2050), and the average annual debt service requirement will be $912,545 (2027-2053, inclusive). Assuming no increase or decrease from the 2025 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $1.28 and $1.24 per $100 of taxable assessed valuation at a ninety percent (90%) collection rate would be necessary to pay both the maximum annual debt service requirement and the average annual debt service requirements, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

The Estimated Taxable Assessed Valuation as of April 15, 2026 is $131,970,660, which reduces the above tax calculations to $0.80 and $0.77 per $100 of taxable assessed valuation, respectively. No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of April 15, 2026 will be the amount finally certified by the Appraisal District and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

Overlapping Debt and Taxes

All of the land within the District is included within the boundaries of either Harris County Water Control and Improvement District No.157 ("WCID 157") or Harris County Water Control and Improvement District No. 158 ("WCID 158") and is also subject to taxation by either WCID 157 or WCID 158. WCID 157 levied a 2025 tax rate in the amount of $0.35 per $100 of taxable assessed valuation. WCID 157 has a total of $70,080,000 in aggregate principal amount of bonds payable from ad valorem taxes that will remain outstanding as of the date hereof. WCID 158 levied a 2025 tax rate in the amount of $0.50 per $100 of taxable assessed valuation. WCID 158 has a total of $75,410,000 in aggregate principal amount of bonds payable from ad valorem taxes that remain outstanding as of the date hereof. The District's 2025 tax rate of $1.00 per $100 of taxable assessed valuation, in combination with the 2025 tax rates of WCID 157 or WCID 158 is $1.35 per $100 of taxable assessed valuation and $1.50 per $100 of taxable assessed valuation, respectively.

The District cannot represent whether any of the development planned or occurring in WCID 157 or WCID 158 will be successful or whether the appraised valuation of the land located within WCID 157 or WCID 158 will justify continued payment of the taxes by property owners. An increase in WCID 157's or WCID 158's tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied by WCID 157 or WCID 158 and the District.

The tax rate that may be required to service debt on any bonds issued by the District or WCID 157 or WCID 158 is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Harris County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of $1.50 per $100 of taxable assessed valuation for the District and WCID 157 or WCID 158 is higher than the tax rate of many utility districts in the Houston metropolitan area, although such combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Harris County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to $1.50 per $100 of taxable assessed valuation. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District in combination with WCID 157 or WCID 158. The current combined tax rate of the District and WCID 157 or WCID 158 is consistent with the rules of the TCEQ. If the total combined tax rate of the District and WCID 157 or WCID 158 should ever exceed $1.50 per $100 of taxable assessed valuation, the District and WCID 157 or WCID 158 could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See "—Possible Impact on District Tax Rates" herein, and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt" and "—Overlapping Taxes."

Voters within the Bridgeland Management District ("Management District"), which includes approximately 427 acres within the boundaries of the District, have approved the levy of a sales and use tax and a hotel occupancy tax and issuance of bonds payable from said taxes and/or property assessments. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes. See "BRIDGELAND."

Tax Collections Limitations and Foreclosure Remedies

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

Potential Effects of Oil Price Volatility on the Houston Area

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

Tropical Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

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

Specific Flood Type Risks

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

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

Atlas 14

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

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District's voters have authorized the issuance of a total of $291,500,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. After issuance of the Bonds, $278,350,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities will remain authorized but unissued. The District's voters have also authorized a total of $350,000,000 in principal amount of unlimited tax bonds for purposes of acquiring or constructing water, sewer and drainage facilities, $143,500,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing parks and recreational facilities, and $493,500,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding water, sewer and drainage and recreational facilities bonds of the District, and $291,500,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding road facilities bonds of the District, none of which have been issued. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "—Financing Road Facilities." The District's voters could authorize additional unlimited tax bonds for acquiring or constructing water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District. The issuance of additional bonds for acquiring or constructing water, sewer, drainage and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The issuance of additional bonds for road facilities is currently not subject to approval by the TCEQ. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds.

After reimbursement with proceeds from the Bonds, the District will continue to owe funds to the Developers in the amount of approximately $18,456,000 plus interest for advances made for the engineering and construction of water, sewer and drainage facilities and road facilities, and approximately $9,040,000 plus interest for advances made for the engineering and construction of recreational facilities; however, the principal amount of bonds (outstanding bonds must be taken into account) issued to finance recreational facilities may not exceed 3% of the District's taxable value at the time the bonds are issued. The District intends to issue additional bonds in order to fully reimburse the Developers and to provide such facilities to the remainder of undeveloped but developable land (approximately 435 acres (including approximately 299 acres served with trunkline utilities for water, sewer and drainage and is also served by road facilities, but no vertical construction)). In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in value of the taxable property in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. See "Overlapping Debt and Taxes" in this section and "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," "—Financing Road Facilities," and "—Financing Fire-Fighting Facilities."

Marketability of the Bonds

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

Environmental and Air Quality Regulations

Wastewater treatment, 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 released into the air, water, or 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 Service Area. 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 Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District's stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the "Current Permit") issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District's inclusion in the MS4 Permit were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

While the Sackett decision removed 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.

Future Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such legislation, administrative action, or court decision could limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "LEGAL MATTERS—Tax Exemption."

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.

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 Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated September 1, 2026, with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the Date of Delivery, and thereafter, from the most recent Interest Payment Date. Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months. The Bonds mature, and principal in respect of the Bonds is payable, on September 1 of the years and in the amounts, and accrue interest at the rates, shown under "MATURITY SCHEDULE" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At an election held within the District on May 12, 2012, voters of the District authorized a total of $291,500,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. The Bonds constitute the first issuance of bonds from said authorization. After issuance of the Bonds, a total of $278,350,000 in principal amount of unlimited tax road bonds will remain authorized but unissued from said authorization. See "Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, the election held within the District, and the Bond Order.

Source and Security for Payment

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

Funds

The Bond Order establishes the District's Debt Service Fund, including the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, sewer and drainage facilities, and recreational facilities, or to refund such bonds ("WSD&R Bonds") from funds received to pay debt service on bonds issued to finance road facilities ("Road Bonds"), including the Bonds. The Bond Order also creates the District's Construction Fund, including the sub-accounts which are used to separate proceeds from WSD&R Bonds and Road Bonds. Twenty-four (24) months of interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the sub-account of the Debt Service Fund created in respect of Road Bonds. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of Road Bonds.

The proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, into the sub-account of the Debt Service Fund created in respect of Road Bonds. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the sub-accounts created in respect of Road Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized Road Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub-accounts of the Debt Service Fund created in respect of Road Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized Road Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due or to become due on Road Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Debt Service Fund, including funds in a sub-account created in respect of WSD&R Bonds, will not be allocated to the payment of the Bonds.

Record Date

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2039, 2041, 2044, 2049 and 2053 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Date"), on September 1 in each of the years and in the principal amount set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$850,000 Term Bonds Due September 1, 2039

Mandatory Redemption Date	Principal Amount
2038	$ 415,000
2039 (maturity)	435,000

$940,000 Term Bonds Due September 1, 2041

Mandatory Redemption Date	Principal Amount
2040	$ 460,000
2041 (maturity)	480,000

$1,610,000 Term Bonds Due September 1, 2044

Mandatory Redemption Date	Principal Amount
2042	$ 510,000
2043	535,000
2044 (maturity)	565,000

$3,285,000 Term Bonds Due September 1, 2049

Mandatory Redemption Date	Principal Amount
2045	$ 590,000
2046	625,000
2047	655,000
2048	690,000
2049 (maturity)	725,000

$3,305,000 Term Bonds Due September 1, 2053

Mandatory Redemption Date	Principal Amount
2050	$ 765,000
2051	805,000
2052	845,000
2053 (maturity)	890,000

Notice of the mandatory redemption of the Term Bonds will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of the Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY-SYSTEM."

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds (including any Term Bonds) maturing on or after September 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2032, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon through the date fixed for redemption of such Bonds (the "Redemption Date"). If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the Redemption Date, in the manner specified in the Bond Order.

Effects of Redemption: By the Redemption Date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds (including any Term Bonds) or portions thereof to be redeemed, plus accrued interest to the Redemption Date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners (hereafter defined) to collect interest which would otherwise accrue after the Redemption Date on any Bond or portion thereof called for redemption shall terminate on the Redemption Date.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining, on behalf of the District, the registry books reflecting the names and addresses of the holders of the Bonds (the "Registered Owners") and the maturities, principal amounts, and such other information as necessary to identify the Bonds registered in the name of such Registered Owners. All references herein to the Registered Owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners of the Bonds, so long as the Bonds are registered in the name of Cede & Co. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $291,500,000 unlimited tax bonds for the purpose of acquiring or constructing road facilities. Following the issuance of the Bonds, $278,350,000 in principal amount of unlimited tax bonds for road facilities will remain authorized but unissued. The District's voters have also authorized a total of $350,000,000 of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities, $143,500,000 in principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities, $493,500,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding water, sewer and drainage, and recreational facilities bonds of the District, and $291,500,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding road facilities bonds of the District, none of which have been issued. The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Issuance of additional bonds for water, sewer and drainage facilities, and/or for recreational facilities, is subject to the approval of the TCEQ. Additional bonds may also be issued for road facilities, which bonds do not currently require TCEQ approval. See "RISK FACTORS—Future Debt," "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," "—Financing Road Facilities" herein, and "THE DISTRICT—General."

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

Financing Water, Sewer and Drainage Facilities

Pursuant to provisions of the Texas Constitution and Chapter 49 and Chapter 54, Texas Water Code, as amended, the District is authorized to acquire or construct certain water, sewer and drainage facilities subject to the approval of the TCEQ and a successful District election to approve the issuance of bonds payable from taxes. See "THE DISTRICT—General." At an election held within the District on May 12, 2012, voters of the District authorized a total of $350,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, none of which have been issued. Issuance of additional bonds for water, sewer and drainage facilities could dilute the investment security of the Bonds. See "RISK FACTORS—Future Debt" and "—Issuance of Additional Debt" herein.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

At an election held within the District on May 12, 2012, voters of the District authorized a total of $143,500,000 in principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities, none of which have been issued. The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost of the in the plan by the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Such tax is in addition to any other maintenance tax authorized to be levied by the District. Issuance of bonds for recreational facilities could dilute the investment security of the Bonds. See "RISK FACTORS—Future Debt" and "—Issuance of Additional Debt" herein.

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution and Chapter 54 Texas Water Code, as amended, conservation and reclamation districts operating pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District and at an election held within the District on May 12, 2012, voters of the District authorized a total of $291,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. After the issuance of the Bonds, a total of $278,350,000 in principal amount of unlimited tax road bonds will remain authorized but unissued. Issuance of additional bonds for road facilities could dilute the investment security of the Bonds.

Financing Fire-Fighting Activities

The District is authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered seeking TCEQ approval or calling such an election at this time. See "RISK FACTORS—Future Debt" and "—Issuance of Additional Debt" herein.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed for full purposes by the City of Houston, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Houston hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and, therefore, the District makes no representation that the City of Houston will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Consolidation

The District has the legal authority to consolidate with other municipal utility districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on taxable property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

Remedies in Event of Default

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

Defeasance

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

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by BGE, Inc. (the "Engineer"). Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used.

CONSTRUCTION RELATED COSTS		
• Road Construction and Engineering Related Costs	$	9,299,381
Total Construction Costs	**$**	**9,299,381**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount	$	394,500
• Capitalized Interest (24 months)		1,288,960
• Developer Interest (Estimated)		1,446,604
Total Non-Construction Costs	**$**	**3,130,064**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	619,265
• State Regulatory Fees		9,500
• Contingency (a)		91,790
Total Issuance Costs and Fees	**$**	**720,555**
TOTAL BOND ISSUE	**$**	**13,150,000**

(a) Contingency represents the difference between the estimated and actual amounts of capitalized interest.

BRIDGELAND

The District is part of the master-planned community of Bridgeland, currently consisting of the District, three water control and improvement districts, six other municipal utility districts, and approximately 1,226 acres not currently located within any district. To date, 11,325 single-family residential lots on approximately 2,116 acres, approximately 958 apartment units on approximately 49 acres, and approximately 84 acres of commercial development have been completed in Bridgeland along with 126 acres of parks. Additionally, the expected construction of an approximately 83-acre mixed use development in Bridgeland known as the "Toro District" that is intended to serve as the headquarters for the Houston Texans has been publicly announced. Construction on such development is expected to be completed no earlier than 2029, and the District makes no representation regarding the probability of construction of the "Toro District" or any plans of the parties involved in such development. All of the development occurring in Bridgeland is currently occurring within the District, Harris County Municipal Utility District No. 419 ("MUD 419"), Harris County Municipal Utility District No. 489 ("MUD 489"), Harris County Municipal Utility District No. 490 ("MUD 490"), Harris County Municipal Utility District No. 491 ("MUD 491"), and Harris County Municipal Utility District No. 493 ("MUD 493"), each of which are overlapped by WCID 157, WCID 158, or WCID 159. See "RISK FACTORS—Overlapping Debt and Taxes" and "THE DISTRICT." Development is in its early stages in Harris County Municipal Utility District No. 492 ("MUD 492"). MUD 492 is overlapped by WCID 159.

The Management District was created by an act of the Texas Legislature in 2011 as a special district under Section 59, Article XVI of the Texas Constitution to provide economic development projects and services to the area of Bridgeland planned primarily, among other purposes, for commercial development. The Management District encompasses approximately 4,647 acres, of which approximately 427 acres are within the boundaries of the District. On November 6, 2012, voters authorized the Management District to levy a sales and use tax and a hotel occupancy tax and to issue bonds payable from such taxes and/or property assessments to finance its projects and services. The Management District has not yet considered if or when it will issue debt for such purposes. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated February 21, 2005, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities, or other political subdivisions after approval by the City of Houston, the TCEQ, and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and road facilities. See "RISK FACTORS—Future Debt," "THE BONDS—Issuance of Additional Debt," "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," and "—Financing Road Facilities," "WATER, WASTEWATER AND DRAINAGE," and "ROADS."

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit water and sewer connections only to lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Harris County, Texas. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing certain water, sewer and drainage facilities, parks and recreational facilities, and fire-fighting facilities as well as voter approval of the issuance of bonds for said purpose.

Construction and operation of the District's water, sewer and drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "WATER, WASTEWATER AND DRAINAGE—Regulation."

Description and Location

The District consists of three non-contiguous tracts, all of which are wholly within the exclusive extraterritorial jurisdiction of the City of Houston and each located approximately 25 miles northwest of the central downtown business district of the City of Houston, Texas. Approximately 203 acres within the District (the "Eastern Tract") is bounded on the east by Texas State Highway 99 (the "Grand Parkway"), on the north by North Bridgeland Lake Parkway and on the west within Harris County Water Control and Improvement District No. 157 ("WCID 157"). Approximately 177 acres within the District (the "Western Tract") bounded on the east by the Grand Parkway, on the south by North Bridgeland Lake Parkway, and on the north and west by Cypress Creek. Approximately 351 acres within the District (the "Northeastern Tract") is bounded on the north by Texas State Highway 290, on the west by acreage and detention facilities serving a residential subdivision, on the south by House Hahl Road and a residential subdivision, and on the east by House Hahl Road, a residential subdivision and Cypress Sports and Business Complex. Access to the Northeastern Tract is provided by Texas State Highway 290 to House Hahl Road and access to the Eastern Tract and Western Tract is provided by the Grand Parkway to Bridgeland Creek Parkway. See "AERIAL LOCATION MAP."

Status of Development

Commercial/Retail: Commercial and retail development currently includes the first phase of Village Green at Bridgeland Central on approximately 23 acres within the boundaries of the Eastern Tract and consists of an approximate 128,000 square foot HEB grocery store and fuel station, a 3-story 49,351 square foot Mass Timber office building, Starbucks, pilates studio, nail spa, Memorial Hermann-GoHealth Urgent Care center, and five restaurants including Jonathan's the Rub, Crust Pizza Co., Sweet Paris Creperie and Café, Gelato & Co. and P. Terry's Burger Stand. \

Industrial: Industrial development within Prologis Legacy Point consists of a 407,302 square foot cross-dock warehouse on approximately 23 acres and is currently one hundred percent (100%) leased by Enchanted Rock, a Houston-based company that produces natural gas power generators and microgrid systems. Additionally, a 1,002,406 square foot cross-dock warehouse is under construction on approximately 49 acres with completion estimated in the first quarter of 2027.

There are approximately 435 developable acres of land of which approximately 299 acres are served with trunkline utilities for water, wastewater, and drainage and is also served by road facilities, but no vertical construction has commenced and approximately 201 acres that are undevelopable. See "RISK FACTORS" and "AERIAL LOCATION MAP."

Future Development

Approximately 136 developable acres of land in the District (excluding approximately 299 acres served by water, wastewater, and drainage and is also served by road facilities) are not yet fully served with water, sewer and drainage and paving facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances when or if any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fund water, sewer, drainage, road and recreational facilities within the District necessary to serve the land at full development. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($771,850,000 principal amount collectively for water, sewer, and drainage, roads, and recreational facilities) should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, road and recreational facilities for full development of the District. See RISK FACTORS—Future Debt," "THE BONDS—Issuance of Additional Debt," "WATER, WASTEWATER AND DRAINAGE," and "ROADS."

THE DEVELOPERS

Role of a Developer

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

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

The Developers

Bridgeland Development, LP, a Maryland limited partnership ("Bridgeland Development"), is the developer of Bridgeland. Bridgeland Development is wholly owned by Howard Hughes Holdings Inc., a Delaware corporation ("HHH"). HHH is a public company whose stock is traded on the New York Stock Exchange under the ticker symbol HHH. See "TAX DATA—Principal Taxpayers."

All funds required for development activities are provided by Bridgeland Development, HHH, or from lot sales. Neither Bridgeland Development nor HHH is legally obligated to continue providing funds for the development of the District. HHH is not legally obligated to provide funds to pay taxes on property in the District owned by Bridgeland Development, or to pay any other obligations of Bridgeland Development.

Prologis L.P., a Delaware limited partnership ("Prologis"), whose general partner is Prologis, Inc., a Maryland corporation, acquired approximately 351 acres (approximately 294 developable acres) for development of Prologis Legacy Point, a master planned industrial park within the boundaries of the Northeastern Tract. All of such acreage is served by trunkline utilities for water and wastewater, drainage facilities, and is also served by road facilities. Prologis is a public company whose stock is traded on the New York Stock Exchange under the ticker symbol PLD. Prologis conveyed approximately 223 acres to Prologis Exchange TX 2010 LLC, a Texas limited liability company ("Prologis Exchange"), a special purpose entity formed by Prologis for the sole purpose of owning and developing industrial warehouse buildings within Prologis Legacy Point. Prologis continues to own approximately 128 acres and does not own any additional developable acreage within the District. See "TAX DATA—Principal Taxpayers."

Bridgeland Development and Prologis are collectively referred to herein as the "Developers." See "THE DISTRICT—Status of Development" and "TAX DATA—Principal Taxpayers."

HHH and Prologis file annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document that HHH and Prologis have filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, HHH and Prologis make available on their web sites http://www.howardhughes.com and http://www.prologis.com their annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on HHH's or Prologis' web sites, available by hyperlink from HHH's or Prologis' web sites or on the SEC's web site, is not incorporated into this PRELIMINARY OFFICIAL STATEMENT.**

None of Bridgeland Development, HHH, Prologis or any affiliates of the Bridgeland Development, HHH or Prologis are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. None of the Bridgeland Development, HHH, Prologis, or any affiliates of the Bridgeland Development, HHH or Prologis have any legal commitment to the District or the holders of the Bonds to continue development of the land within the District, and the Developers may sell or otherwise dispose of property within the District, or any assets, at any time.

Major Property Owners

BLVG Retail I LLC, a Delaware limited liability company ("BLVG Retail I") is a special purpose entity formed by HHH for the sole purpose of developing, owning and managing commercial and retail development within Village Green at Bridgeland Central on approximately 21 acres within the boundaries of the Eastern Tract. BLVG Retail I does not own any additional developable acreage within the District. See "TAX DATA—Principal Taxpayers."

BL Mass Timber Office LLC, a Delaware limited liability company ("BL Mass Timber Office") is a special purpose entity formed by HHH for the sole purpose of developing, owning and managing a three-story Mass Timber office building within Village Green at Bridgeland Central on approximately 2 acres within the boundaries of the Eastern Tract BL Mass Timber Office does not own any additional developable acreage within the District. See "TAX DATA—Principal Taxpayers."

Chevron USA Inc. owns approximately 77 acres within the boundaries of the Western Tract served by trunkline utilities for water and wastewater, drainage facilities, and is also served by road facilities. The District is not aware of any plans to develop such acreage as of the date hereof.

National Finance Authority

Bridgeland Development has obtained financing for a portion of the development of the District through the National Finance Authority (the "National Finance Authority" or "NFA"). The NFA issued $198,680,000 Special Revenue Bonds, Series 2025 (Bridgeland Water and Utility Districts 418, 489 ,492 ,493 , 157 and 159 (the "NFA Bonds"), which are secured in part by the sale and assignment of the Bridgeland Development's right to receive proceeds from the sale of the Bonds and the future sale of unlimited tax bonds issued by the District. According to the Bridgeland Development, it is currently in compliance with all material representations and certifications made with respect to the NFA 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.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	Title	Term Expires
Colby McClary	President	May 2028
Chris Gilbert	Vice President	May 2028
Bettina Parr	Secretary	May 2030
Omar "Noe" Escobar, Jr.	Assistant Secretary	May 2030
Cathy Cobb	Assistant Secretary	May 2030

District Consultants

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

Bond Counsel and General Counsel: Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

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

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

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

Auditor: The financial statements of the District as of May 31, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2025, financial statements. The District has engaged Forvis Mazars, LLP to audit its financial statements for the fiscal year ended May 31, 2026.

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

Utility System Operator: Municipal District Services, LLC operates the water and wastewater systems and plants of the District in its capacity as the Master District and the internal water distribution and wastewater collection facilities of the District.

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

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Wheeler & Associates, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

WATER, WASTEWATER AND DRAINAGE

Regulation

According to the Engineer, the District's improvements have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and, as and if required for the particular improvements, the approval and permitting requirements of the TCEQ, Harris County, the City of Houston and Harris County Flood Control District, as applicable.

Master Facilities

Master Water and Sanitary Sewer Facilities Contract: The District is served by a regional water supply and wastewater treatment system that is owned and operated by the District, in its capacity as the "Master District," pursuant to that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, as amended and supplemented from time to time (the "Master Contract"). The Master Contract provides that the Master District will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities (the "Master Facilities"), to serve the land within the Service Area defined therein and any other area subsequently added to the Bridgeland development or otherwise served by the Master District pursuant to the Master Contract. At this time, the District (in its capacity as a Participant), MUD 419, MUD 489, MUD 490, MUD 491, MUD 492 and MUD 493 are all parties to the Master Contract. Each party to the Master Contract, including the Master District in its capacity as a district receiving Master District services, is referred to hereinafter at times as a "Participant." Each Participant is responsible for the acquisition, construction, ownership, operation, and/or maintenance of all internal water, sewer and drainage facilities, not otherwise constructed by the Master District as part of the Master Facilities. As required by the Master Contract, a plan of proposed Master Facilities has been adopted by the Master District and approved by the Participants.

The Master Contract provides that capacity in the Master Facilities will be allocated to a Participant contingent upon the payment to the Master District of a "Connection Charge" (as more specifically detailed in the Master Contract) calculated to approximate, on a uniform per-connection basis, the incurred and projected capital expenditures, interest, and other attendant costs associated with the provision of the Master Facilities by the Master District ("Capital Costs"). The Master Contract requires that the Master District use the Connection Charges solely for payment of the Capital Costs of the Master Facilities, and further requires that the Connection Charge be recalculated from time to time but not less often than annually. Once a Connection Charge has been paid by a Participant, additional Capital Costs may not be recovered for the associated capacity in the Master Facilities acquired by payment of same. The current Connection Charge imposed by the Master District under the Master Contract is $5,429 per equivalent single-family connection for water supply capacity, and $4,041 for wastewater treatment capacity. Connection charges relative to wastewater collection service vary by geographic location within the Service Area, and range from $241 per equivalent single-family connection to $5,130 per equivalent single-family connection. The Master Contract additionally provides that Master Facilities may be constructed and conveyed to the Master District as an alternative to the payment of a Connection Charge, such Master Facilities being credited at their Capital Cost value towards Connection Charge payments.

The Master Contract requires that operations and maintenance expenses be paid to the Master District by the Participants on a monthly basis. Additionally, each Participant is required to advance funds to the Master District to create a reserve ("Reserve") for the benefit of such Participant in an amount equal to the Participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the Master District's fiscal year (currently June 1). The amount of the required Reserve for any Participant is determined annually, and any shortfall is required to be funded by the Participant. The Master District's operations and maintenance expenses, as billed to Participants, may include a fee to fund a Participant's Reserve, subject to certain restrictions.

The Master Contract further requires that each Participant hold an election to authorize the levy and collection of ad valorem contract taxes to meet its obligations under the Master Contract. Such contract taxes are to be pledged to support debt service on contract revenue bonds, if issued, by the Master District. The Master Contract authorizes the issuance of such bonds by the Master District solely for the purpose or purposes of (1) providing surface water as an alternative to groundwater, if required by law; (2) the acquisition, construction, improvement, enlargement, extension, or repair of the Master Facilities, if required by law; (3) the payment of unbudgeted, extraordinary expenses of maintaining or repairing the Master Facilities for which sufficient funds have not been placed in the Reserve; or (4) meeting a request by a Participant that such bonds be issued by the Master District. The voters of all of the Participants have approved such a contract revenue tax proposition.

Water Supply: Water supply to serve the development within the District is provided by Water Plant Nos. 1, 2, and 4 owned and operated by the Master District. The Master District's current facilities at Water Plant No. 1 include two water wells with a total of 1,500 gallons per minute ("gpm") of capacity, two 15,000 gallon pressure tanks, two 250,000 gallon ground storage tanks, a 750,000 gallon elevated storage tank, and 10,150 gpm of booster pump capacity, which can serve 2,500 equivalent single-family connections. The Master District receives 1,458 gpm of treated surface water at Water Plant No. 1, which can serve 2,430 equivalent single-family connections. See "Surface Water" below for a discussion of the additional source of water supply capacity as a result of surface water supplied by the West Harris County Regional Water Authority (the "Authority"). The Master District's current facilities at Water Plant No. 2 include three 1,200 gpm water wells, one 20,000-gallon pressure tank, 500,000 gallons of ground storage tank capacity, one 1,000,000-gallon elevated storage tank, and 11,300 gpm booster pump capacity, which can serve 5,650 equivalent single-family connections. The Master District's current facilities at Water Plant No. 4 include one 1,200 gpm water well, one 30,0000-gallon pressure tank, one 500,000 gallon ground storage tank, and 3,750 gpm booster pump capacity, which can serve 1,875 equivalent single-family connections. Combined, the three water plants are able to serve a total of 12,930 equivalent single-family connections, of which 151 equivalent single-family connections are allocated to the District, 3,865 equivalent single-family connections are allocated to MUD 419, 3,612 equivalent single-family connections are allocated to MUD 489, 2,080 equivalent single-family connections are allocated to MUD 490, 1,300 equivalent single-family connections are allocated to MUD 491 and 1,181 equivalent single-family connections are allocated to MUD 493. No capacity has been allocated to MUD 492 as of the date hereof. As of June 1, 2026, the District was serving 151 equivalent single-family residential connections. Future expansions of Water Plant Nos. 2 and 4 will include additional water wells, ground storage tanks, elevated storage tanks, booster pumps, and facilities to receive surface water, which will expand the service capacity of the system. Water Plant No. 3 is currently under construction with completion expected by the end of 2026. Water Plant No. 1 is fully built out.

Surface Water: The Master District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 2001, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District). The Authority developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). In connection with its GRP, the Authority entered into a water supply contract with the City of Houston to obtain treated surface water from the City of Houston. The District is included within the Authority's GRP.

The Authority has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, rates, and charges as necessary to accomplish its purposes. Effective January 1, 2025, the Authority currently charges the Master District, as owner of the water wells, and other major groundwater users, a fee of $3.95 per 1,000 gallons of groundwater pumped and $4.35 per 1,000 gallons of surface water received. The Authority has issued revenue bonds to finance, among other things, certain Authority surface water project costs. It is expected that the Authority will issue substantially more bonds by the year 2035 to finance the Authority's project costs.

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

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

Pursuant to a contract dated August 13, 2008, among Bridgeland Development, the Master District and the Authority, the Authority constructed a water line to provide treated surface water to the Master District's Water Plant No. 1. Capacity in certain portions of said water line also serves municipal utility districts which are not a part of Bridgeland and said districts entered into similar contracts with the Authority. The Authority began delivering metered surface water to the Master District's Water Plant No. 1 as of June 5, 2013. Such water line provides the Master District with 2,100,000 gallons per day ("gpd") of additional water supply. This water supply constitutes part of the Master Facilities that serve the Bridgeland development, and provides capacity for up to 2,500 water supply system connections. This source of supply supplements groundwater supplied by wells installed or to be installed by the Master District to meet Participant water demands.

Wastewater Treatment: Wastewater treatment for the development within the District is provided by a 600,000 gpd interim wastewater treatment plant and a permanent 1,500,000 gpd wastewater treatment plant ("WWTP 1") owned and operated by the Master District. WWTP 1 can serve up to 9,130 equivalent single-family connections based on 230 gpd per connection, of which 151 equivalent single-family connections are allocated to the District, 3,865 equivalent single-family connections are allocated to MUD 419, 3,612 equivalent single-family connections are allocated to MUD 489, 2,080 equivalent single-family connections are allocated to MUD 490, 1,300 equivalent single-family connections are allocated to MUD 491, and 1,181 equivalent single-family connections are allocated to MUD 493. No capacity has been allocated to MUD 492 as of the date hereof. A 600,000 gpd wastewater treatment plant to be owned and operated by the Master District ("WWTP 2") is constructed and waiting power from CenterPoint Energy and is expected to be fully operational by the end of 2026. A 150,000 gpd wastewater treatment plant to be owned and operated by the Master District ("WWTP 3") is also constructed and waiting on power from CenterPoint Energy and is expected to be fully operational by the end of 2026. With these three treatment plants, the Master District will be able to serve 12,390 connections based on 230 gpd per connection. Future expansions of the Master District's wastewater treatment facilities will be planned as required by the needs of the District.

Major Trunk Lines: Major water distribution and wastewater collection lines have been constructed by the Developers on behalf of the Master District. There is no charge for water distribution system capacity in the Master District's trunk lines; however, there are charges applicable to wastewater collection system capacity in the Master District's trunk lines, as described hereinabove.

Allocation and Purchase of Capacity: The Master District has allocated water supply, wastewater treatment, and wastewater collection capacity to the District for 151 equivalent single-family connections pursuant to the Master Contract. Approximately 95 acres developed for commercial, retail and industrial use (excluding approximately 299 acres served by trunkline utilities for water and wastewater, drainage facilities, and is also served by road facilities) comprise the development within the District. The District expects to pay the Master District for such connection charges with proceeds from future bond issuances and purchase additional capacity from the Master District as necessary.

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Trunkline utilities for water distribution, wastewater collection, and storm drainage facilities and related paving have been constructed in the District to serve 394 acres of commercial, retail and industrial development. See "THE DISTRICT—Status of Development," and "—Future Development."

100-Year Flood Plain

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

According to the Engineer, approximately 156 acres of land in the District is currently located in the effective flood plain. The District is currently working on filing a Conditional Letter of Map Revision. A Letter of Map Revision to be approved by the Harris County Flood Control District and the Federal Emergency Management Agency will be filed once the Conditional Letter of Map Revision is approved. See "RISK FACTORS—Tropical Weather Events," "—Specific Flood Type Risks" and "—Atlas 14."

Atlas 14

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

Water and Wastewater Operations

The Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues from operations of the District's system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds. It is anticipated that no significant operating revenues will be used for debt service on the Bonds in the foreseeable future.

The following statement sets forth in condensed form the General Operating Fund for the District as shown in the District's audited financial statements for the fiscal years ended May 31, 2022 through May 31, 2025 and an unaudited summary for the fiscal year ended May 31, 2026 provided by the Bookkeeper. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended May 31				
	2026 (Unaudited)	2025	2024	2023	2022
Revenues					
Property Taxes	$ 710,000	$ 140,764	$ 116,547	$ 123,522	$ -
Water Service	24,422	8,071	-	-	-
Sewer Service	14,865	8,309	-	-	-
Regional Water Fee	40,066	14,655	-	-	-
Penalty and Interest	5,469	445	-	-	-
Tap Connection and Inspection Fees	415,260	275,545	269,005	-	-
Investment Income	18,277	13,370	1,649	631	-
Administrative Fee	174,659	177,524	152,786	135,814	141,809
Total Revenues	$ 1,403,018	$ 638,683	$ 539,987	$ 259,967	$ 141,809
Expenditures					
Service Operations					
Purchased Services	$ 85,979	$ 28,461	$ 403	$ -	$ -
Professional Fees	311,979	233,273	167,856	189,811	174,380
Contracted Services	81,890	74,278	65,140	46,824	27,694
Repairs and Maintenance	5,803	9,254	-	-	-
Tap Connections	138,468	209,050	136,964	-	-
Other Expenditures	95,451	69,284	55,580	40,646	33,670
capital Outlay	-	10,900	22,000	11,900	46,500
Total Expenditures	$ 719,570	$ 634,500	$ 447,943	$ 289,181	$ 282,244
Revenues Over (Under) Expenditures	$ 683,448	$ 4,183	$ 92,044	$ (29,214)	$ (140,435)
Other Sources (Uses)					
Developer Advances (a)	-	-	82,670	112,984	148,437
Fund Balance (Beginning of Year)	$ 282,751	$ 278,568	$ 103,854	$ 20,084	$ 12,082
Fund Balance (End of Year)	$ 966,199	$ 282,751	$ 278,568	$ 103,854	$ 20,084

(a) See "RISK FACTORS—Dependence on Principal Taxpayers and the Developers."

ROADS

The road system (the "Roads") serves the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. The District has constructed a road system (the "Roads") to serve the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. The Roads to be financed by the Bonds include Bridgeland Creek Parkway, Summit Point Crossing, Peek Road, North Bridgeland Lake Parkway and Mound Road. See "USE AND DISTRIBUTION OF BOND PROCEEDS." Upon completion, the Roads have been or will be accepted by Harris County for operation and maintenance in accordance with the procedures of Harris County. The District will not operate or maintain the Roads. See "RISK FACTORS—Future Debt," "THE BONDS—Issuance of Additional Debt," and "—Financing Road Facilities" and "BRIDGELAND."

MAJOR CHANNEL AND DETENTION IMPROVEMENTS

WCID 157 and WCID 158 were created to construct and operate all amenity/detention facilities and major drainage and channel improvements necessary to serve the land within their respective boundaries also included within the District. The drainage facilities constructed by WCID 157 and WCID 158 are a series of interconnected detention basins that serve both as amenity lakes as well as detention and mitigation facilities. The detention facilities were designed and constructed in accordance with Harris County Flood Control District criteria and comply with the master drainage study prepared for the project. The purpose of these facilities is to provide outfall drainage and mitigate any negative flood plain effects caused by the development of Bridgeland. Construction of additional detention facilities has been phased to accommodate development as it occurs. The detention basins constructed to date encompass approximately 1,218 acres of land and detain enough storm water to develop approximately 5,571 acres of development, including all of the land within the District. See "BRIDGELAND" and "RISK FACTORS—Atlas 14."

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Certified Taxable Assessed Valuation	$ 82,051,864	(a)
Estimated Taxable Assessed Valuation as of April 15, 2026	$131,970,660	(b)
Gross Direct Debt Outstanding (the Bonds)	$13,150,000	
Estimated Overlapping Debt	10,842,102	(c)
Gross Direct Debt and Estimated Overlapping Debt	$23,992,102	
Ratios of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation	16.03%	
Estimated Taxable Assessed Valuation as of April 15, 2026	9.96%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation	29.24%	
Estimated Taxable Assessed Valuation as of April 15, 2026	18.18%	
Funds Available for Debt Service:		
Capitalized Interest from proceeds of the Bonds (Twenty-four (24) months)	$1,288,960	(d)
Funds Available for Maintenance and Operations as of June 23, 2026	$ 893,763	

(a) As certified by the Appraisal District. See "TAXING PROCEDURES." The Appraisal District has provided a preliminary indication of the 2026 taxable value (as of January 1, 2026) and includes $121,046,846 of real property value and does not include an amount for personal property value. The 2025 certified amount of personal property was $11,945,296. The 2026 Preliminary Taxable Assessed Valuation is $132,92,142, which includes the 2026 preliminary real value plus the 2025 certified personal property value. The 2026 Preliminary Taxable Value is subject to property owner protest, review and downward adjustment prior to certification and is not included in the debt ratio or tax rate calculation shown throughout this OFFICIAL STATEMENT.

(b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on April 15, 2026, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2026 and April 15, 2026 will be certified as of January 1, 2027. See "TAXING PROCEDURES."

(c) See "RISK FACTORS—Overlapping Debt and Taxes," and "—Estimated Overlapping Debt," and "—Overlapping Taxes" herein.

(d) The District will capitalize twenty-four (24) months of interest from proceeds of the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

Investments of the District

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

Debt Service Requirements

The following sets forth the debt service on the Bonds. This schedule does not reflect the fact that an amount equal to twenty-four (24) months of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

	Debt Service on the Bonds		
Year	Principal	Interest	Total
2027	$ -	$ 642,689.78	$ 642,689.78
2028	250,000	644,480.00	894,480.00
2029	260,000	634,480.00	894,480.00
2030	275,000	624,080.00	899,080.00
2031	290,000	613,080.00	903,080.00
2032	305,000	601,190.00	906,190.00
2033	320,000	588,380.00	908,380.00
2034	335,000	574,780.00	909,780.00
2035	355,000	560,123.75	915,123.75
2036	375,000	544,148.75	919,148.75
2037	395,000	526,898.75	921,898.75
2038	415,000	508,333.75	923,333.75
2039	435,000	488,621.25	923,621.25
2040	460,000	467,958.75	927,958.75
2041	480,000	445,648.75	925,648.75
2042	510,000	422,368.75	932,368.75
2043	535,000	396,868.75	931,868.75
2044	565,000	370,118.75	935,118.75
2045	590,000	341,868.75	931,868.75
2046	625,000	311,631.25	936,631.25
2047	655,000	279,600.00	934,600.00
2048	690,000	246,031.25	936,031.25
2049	725,000	210,668.75	935,668.75
2050	765,000	173,512.50	938,512.50
2051	805,000	133,350.00	938,350.00
2052	845,000	91,087.50	936,087.50
2053	890,000	46,725.00	936,725.00
Total	$ 13,150,000	$ 11,488,724.78	$ 24,638,724.78

Average Annual Debt Service Requirements (2027-2053) $912,545
Maximum Annual Debt Service Requirement (2050) $938,513

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County (a)…………………………………………	$ 2,257,734,736	5/31/2026	0.012%	$ 270,928
Harris County Flood Control District…………………	937,165,000	5/31/2026	0.012%	112,460
Harris County Hospital District………………………	1,644,825,000	5/31/2026	0.013%	213,827
Harris County Department of Education………………	28,960,000	5/31/2026	0.012%	3,475
Port of Houston Authority……………………………	386,074,397	5/31/2026	0.012%	46,329
Cypress Fairbanks Independent School District (b)…	3,376,585,000	5/31/2026	0.090%	3,038,927
Waller Independent School District (b)……………	703,140,000	5/31/2026	0.296%	2,081,294
Lone Star College System……………………………	342,055,000	5/31/2026	0.018%	61,570
WCID 157 (c)………………………………………	70,970,000	5/31/2026	1.119%	794,154
WCID 158 (c)………………………………………	46,610,000	5/31/2026	9.052%	4,219,137
Total Estimated Overlapping Debt…………………………				$ 10,842,102
The District…………………………………………	13,150,000	(d)	100.00%	13,150,000
Total Direct and Estimated Overlapping Debt……………				$ 23,992,102

Direct and Estimated Overlapping Debt as a Percentage of:
2025 Certified Taxable Assessed Valuation of $82,051,864 .... 29.24%
Estimated Taxable Assessed Valuation as of April 15, 2026 of $131,970,660... 18.18%

(a) Excludes the Harris County Toll Road Unlimited Tax Bonds in the principal amount of $109,470,000. Historically, Harris County has provided for payment of such debt service from toll road revenues and certain other funds and no ad valorem tax revenue has been required to pay debt service on such bonds.

(b) Approximately 554 acres within the District are within the boundaries of Cypress-Fairbanks Independent School District and approximately 177 acres within the District are within the boundaries of Waller Independent School District.

(c) Approximately 203 acres within the District are within the boundaries of WCID 157 and approximately 528 acres within the District are within the boundaries WCID 158.

(d) The Bonds.

Overlapping Taxes

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

Set forth below are all of the taxes levied for the 2025 tax year by all overlapping taxing jurisdictions and the 2025 tax rate of the District, WCID 157 and WCID 158. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Western Tract		Northeastern Tract		Eastern Tract	
	2025 Tax Rate per $100 of Taxable Assessed Valuation		2025 Tax Rate per $100 of Taxable Assessed Valuation		2025 Tax Rate per $100 of Taxable Assessed Valuation	
Harris County (including Harris County Flood Control District Harris County Hospital District, Harris County Department of Education and the Port of Houston Authority)…………………………	$	0.62893	$	0.62893	$	0.62893
Cypress Fairbanks Independent School District………………………		-		1.06690		1.06690
Waller Independent School District……………………………………		1.06260		-		-
Lone Star College System………………………………………………		-		0.10600		0.10600
Harris County Emergency Services District No. 9……………………		0.03883		0.03883		0.03883
Harris County Water Control and Improvement District No. 157 ……		-		-		0.35000
Harris County Water Control and Improvement District No. 158 ……		0.50000		0.50000		-
Total Overlapping Tax Rate…………………………………….……	$	2.23036	$	2.34066	$	2.19066
The District (a)…………………………………………………………		1.00000		1.00000		1.00000
Total Tax Rate……………………………………………………………	$	3.23036	$	3.34066	$	3.19066

(a) See "TAX DATA—Tax Rate Distribution."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District expects to levy its initial debt service tax rate in 2027. See "Tax Rate Distribution" and "Tax Roll Information" below, and "TAXING PROCEDURES."

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was held on May 12, 2012, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.00 per $100 taxable assessed valuation for operations and maintenance costs. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Tax Exemptions

For the tax year 2026, the District has not adopted any tax exemptions for property located within the District. See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Tax Rate Distribution

	2025	2024	2023	2022
Debt Service (a)	$ -	$ -	$ -	$ -
Maintenance and Operations	1.00	1.00	1.00	1.00
Total	$ 1.00	$ 1.00	$ 1.00	$ 1.00

(a) The District expects to levy its initial debt service tax in 2027. See "—Debt Service Tax" herein.

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy (b)	Total Collections as of June 23, 2026 (c) Amount	Percent
2022	$ 11,272,141	$ 1.00	$ 112,721	$ 112,721	100.00%
2023	12,734,793	1.00	127,348	127,348	100.00%
2024	14,082,254	1.00	140,823	140,823	100.00%
2025	82,051,864	1.00	820,519	820,519	100.00%

(a) Represents final taxable value as certified by the Appraisal District less any exemptions granted. See "Tax Roll Information" below for gross appraised value and exemptions granted by the District.
(b) Represents actual tax levy, including any adjustments by the Appraisal District, as of the date of this OFFICIAL STATEMENT.
(c) Unaudited.

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2021 through 2025 Certified Taxable Assessed Valuation. A breakdown of the Estimated Taxable Assessed Valuation as of April 15, 2026 of $131,970,660 is not available.

	Type of Property			Gross	Deferments	Certified
Tax Year	Land	Improvements	Personal Property	Assessed Valuation	and Exemptions	Taxable Assessed Valuation
2022	$ 11,368,045	$ 100	$ 4,360	$ 11,372,505	$ (100,364)	$ 11,272,141
2023	12,669,299	219,426	5,660	12,894,385	(159,592)	12,734,793
2024	13,981,642	252,284	7,920	14,241,846	(159,592)	14,082,254
2025	44,756,812	25,533,811	11,945,296	82,235,919	(184,055)	82,051,864

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed value as a percentage of the 2025 Certified Taxable Assessed Valuation of $82,051,864. This represents ownership as of January 1, 2025. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of April 15, 2026 of $131,970,660 is not available.

Taxpayer	2025 Certified Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
BLVG Retail I LLC (a)	$ 26,302,400	32.06%
Bridgeland Development LP (b)	19,864,514	24.21%
HEB Grocery Company LP	10,893,055	13.28%
Prologis Exchange TX 2010 LLC (b)	8,911,731	10.86%
Chevron USA Inc.(a)	8,458,263	10.31%
BL Mass Timber Office LLC (a)	3,897,213	4.75%
Prologis L.P. (b)	2,676,327	3.26%
KICT LLC	1,010,297	1.23%
Centerpoint Energy Houston Electric	13,840	0.02%
Hallmark Marketing Corp - 011	6,726	0.01%
Total	$ 82,034,366	99.98%

(a) See "THE DEVELOPERS—Major Property Owners."
(b) See "THE DEVELOPERS."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds if no growth in the District's tax base occurred beyond the 2025 Certified Taxable Assessed Valuation of $82,051,864 and the Estimated Taxable Assessed Valuation as of April 15, 2026 of $131,970,660. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety percent (90%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "RISK FACTORS—Possible Impact on District Tax Rates" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2027-2053)	$912,545
$1.24 Tax Rate on the 2025 Certified Taxable Assessed Valuation	$915,699
$0.77 Tax Rate on the Estimated Taxable Assessed Valuation as of April 15, 2026	$914,557
Maximum Annual Debt Service Requirement (2050)	$938,513
$1.28 Tax Rate on the 2025 Certified Taxable Assessed Valuation	$945,237
$0.80 Tax Rate on the Estimated Taxable Assessed Valuation as of April 15, 2026	$950,189

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of April 15, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately-owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2025 tax year, the District has not granted any such exemptions. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran 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 (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action, or (ii) fatally injured in the line of duty, is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A “Freeport Exemption” applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property, as defined by the Property Tax Code acquired in or imported into Texas for storage purposes and which 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. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer’s motor vehicles, dealer’s vessel and outboard motor vehicle, dealer’s heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it 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. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never granted a general residential homestead exemption.

Valuation of Property for Taxation

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

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "TAXING PROCEDURES—Rollback of Operations and Maintenance Tax Rate." The Property Tax 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.

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2026, no land within the District was the subject of a special exemption.

Tax Abatement

The City of Houston and Harris County may designate all or part of the District as a reinvestment zone, and the District, Harris County, and (if it were to annex the area) the City of Houston may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as “Low Tax Rate Districts.” Districts that have financed, completed, and issued bonds to pay for all land, 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.

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

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 in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Developing Districts: Districts that do not meet the classification of a Low Tax Rate District 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District: A determination as to a district’s status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. For tax year 2026, the District has been designated 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 against which the tax is levied. In addition, 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 each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act (12 U.S.C. 1825, as amended). Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collection Limitations and Foreclosure Remedies."

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and therefore such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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.

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections "THE BONDS," "THE DISTRICT—General, "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel and General Counsel," "WATER, WASTEWATER AND DRAINAGE—Master Facilities," "TAXING PROCEDURES," and "LEGAL MATTERS," solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this OFFICIAL STATEMENT, nor has such firm 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 such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under Section 57 (a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, 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, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health-insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

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

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

State, Local and Foreign Taxes

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

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the "Original Issue Discount Bonds"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, 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 Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

NO MATERIAL ADVERSE CHANGE

The obligations of the Underwriter to take and pay for the Bonds, and 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 the sale.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Underwriter a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

MUNICIPAL BOND RATING

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants:

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" and "TAXING PROCEDURES" has been provided by Wheeler & Associates, Inc. and is included herein in reliance upon the authority of said firm as experts in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the water, sanitary sewer, drainage and road systems and, in particular that information included in the sections entitled "THE DISTRICT," "ROADS," "WATER, WASTEWATER AND DRAINAGE" and "MAJOR CHANNEL AND DETENTION IMPROVEMENTS" has been provided by BGE, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of May 31, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2025, financial statements.

Bookkeeper: The information related to the unaudited summary of the District's General Operating Fund as it appears in "WATER, WASTEWATER AND DRAINAGE—Water and Wastewater Operations" has been provided from records of Municipal Accounts & Consulting L.P. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data.

In addition, the District and the Developers have agreed to provide information with respect to the Developers, any person or entity to whom the Developer voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District and the Developers will be obligated to provide information concerning the Developers and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District's bonds then outstanding.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "WATER, WASTEWATER AND DRAINAGE," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," (except "Estimated Overlapping Debt" and "Overlapping Taxes") and "TAX DATA—Tax Rate Distribution—Historical Tax Collections—Tax Roll Information—Principal Taxpayers—Tax Adequacy for Debt Service," (most of which information is contained in the District's annual audited financial statements) and in "APPENDIX A." The information to be updated which will be provided with respect to the Developers is found in "THE DEVELOPERS" and "TAX DATA—Principal Taxpayers." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2026.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Specified 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-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds; (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 "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the 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 a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid but in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

The District has not previously executed a continuing disclosure agreement made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

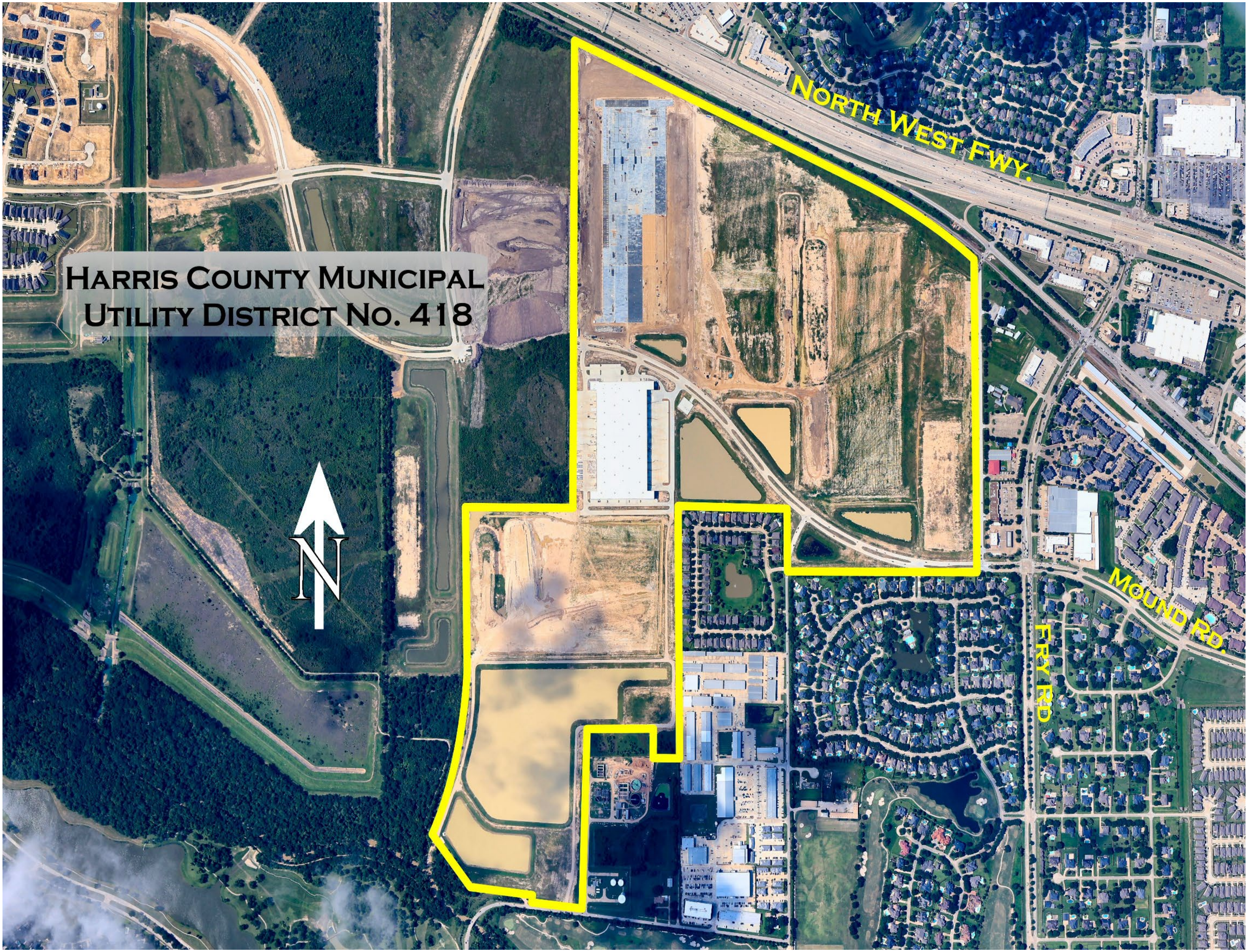
/s/ Colby McClary
President, Board of Directors

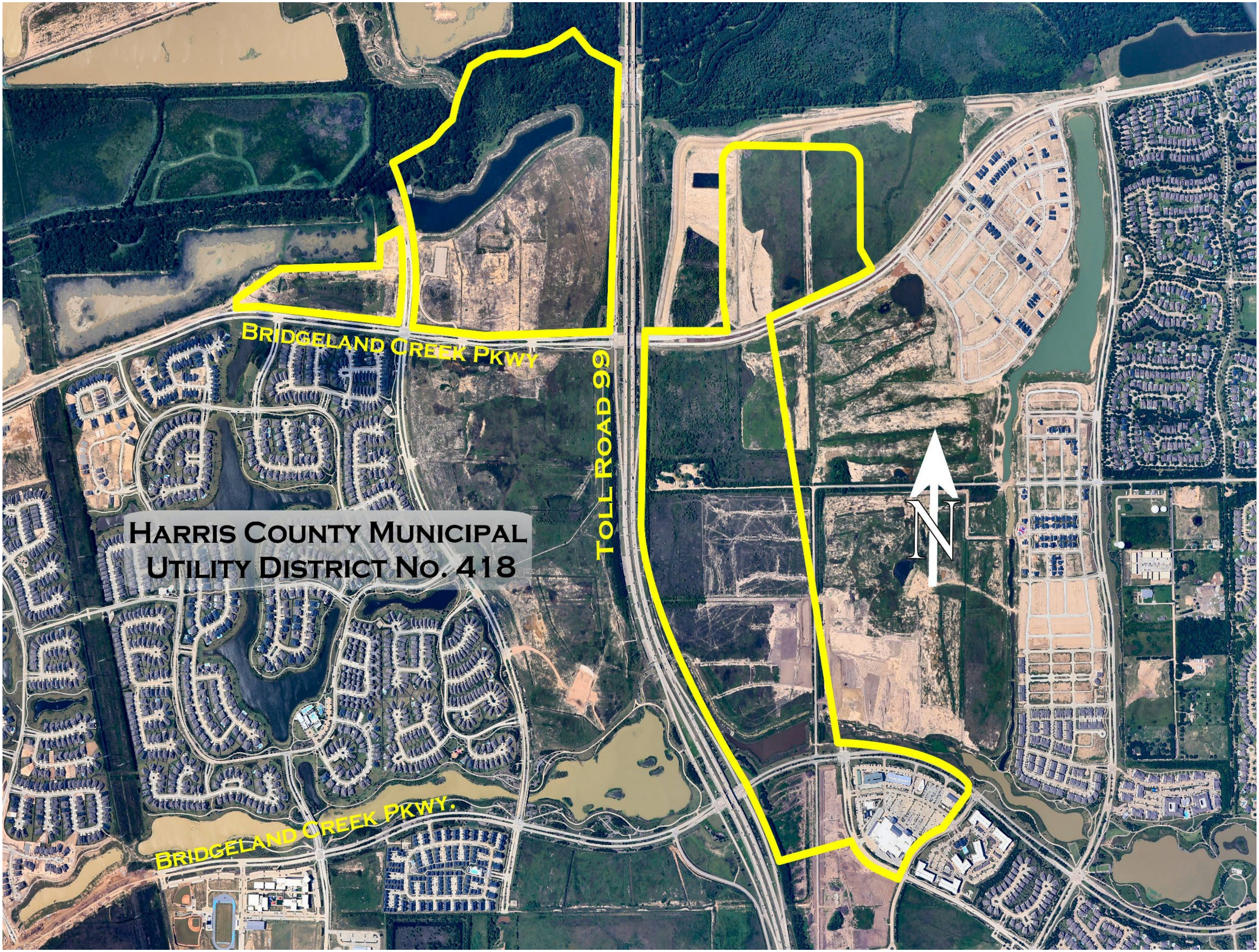
ATTEST:

/s/ Bettina Parr
Secretary, Board of Directors

AERIAL LOCATION MAP

(Approximate boundaries as of July 2026)


Harris County Municipal
Utility District No. 418
North West Fwy.
Mound Rd.
Fry Rd
N



Bridgeland Creek Pkwy
Toll Road 99
Harris County Municipal
Utility District No. 418
N
Bridgeland Creek Pkwy.

PHOTOGRAPHS OF THE DISTRICT

(Taken July 2026)


H-E-B
Jonathan's the rub
SWEET PARIS
crêperie & café
CRUST PIZZA Co
20017 - 20240


H-E-B
curbside
20017
PHARMAC


H-E-B FUEL


P. TERRY'S
BURGER STAND

CB
Village Green
AT BRIDGELAND CENTRAL

ONE BRIDGELAND GREEN
BRIDGELAND
Welcome Center
ADVANCED
ORTHOPAEDICS
& SPORTS MEDICINE
20203


Jonathan's the rub


CRUST PIZZA
CRUST PIZZA
NO PARKING TOW AWAY ZONE


STARBUCKS
Village Green
AT BRIDGELAND CENTRAL
URGENT CARE
STARBUCKS
JETSET
MODERN PILATES
20119


PROLOGIS
LEGACY POINT
PAD READY Q4 2024
±200,000 - 1.3 Million SF
BUILD-TO-SUIT | 350 ACRE INDUSTRIAL DEVELOPMENT
ROBERT ALINGER
713.830.2167
Colliers
PROLOGIS
prologis.com


PROLOGIS
18501 Mound Road
Legacy Point
18501


PROLOGIS
LEGACY POINT
PROLOGIS
Colliers
HARVEY CLEARY
LANGAN
SAFETY HOTLINE
PROLOGIS
Safety Concern? Call the Prologis Safety Hotline
¿Tiene inquietudes de seguridad? Llame a la línea directa de seguridad de Prologis
1.833.SAFE.PLD

APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended May 31, 2025

The information contained in this appendix includes the audited financial statements of Harris County Municipal Utility District No. 418 and certain supplemental information for the fiscal year ended May 31, 2025.

Harris County Municipal Utility District No. 418

Harris County, Texas

Independent Auditor’s Report, Financial Statements, and Supplementary Information

May 31, 2025

Harris County Municipal Utility District No. 418
Contents
May 31, 2025

Forvis Mazars, LLP
2700 Post Oak Boulevard, Suite 1500
Houston, TX 77056
P 713.499.4600 | F 713.499.4699
forvismazars.us

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 418
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Harris County Municipal Utility District No. 418 (District), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of May 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

Houston, Texas
October 11, 2025

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

Proprietary funds, in general, charge customers for the services that are provided. These funds use a long-term financial accounting approach, full accrual basis and provide additional information in the statement of cash flows. The proprietary fund statements provide the same information as the business-type activities portion of the government-wide financial statements, only in more detail.

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

2025 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 363,385	$ 2,795,909	$ 3,159,294
Capital and lease assets	-	65,131,828	65,131,828
Total assets	$ 363,385	$ 67,927,737	$ 68,291,122
Long-term liabilities	$ 2,120,255	$ 17,495,541	$ 19,615,796
Other liabilities	80,634	2,709,529	2,790,163
Total liabilities	2,200,889	20,205,070	22,405,959
Net position			
Net investment in capital assets	-	47,600,412	47,600,412
Restricted, capital projects	-	122,255	122,255
Unrestricted	(1,837,504)	-	(1,837,504)
Total net position	$ (1,837,504)	$ 47,722,667	$ 45,885,163

2024 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 511,756	$ 1,985,388	$ 2,497,144
Capital and lease assets	-	58,207,546	58,207,546
Total assets	$ 511,756	$ 60,192,934	$ 60,704,690

2024 Summary of Net Position (Continued)

	Governmental Activities	Business-Type Activities	Total
Long-term liabilities	$ 2,120,255	$ 12,880,605	$ 15,000,860
Other liabilities	233,188	1,913,864	2,147,052
Total liabilities	2,353,443	14,794,469	17,147,912
Net position			
Net investment in capital assets	-	45,291,066	45,291,066
Restricted	-	107,399	107,399
Unrestricted	(1,841,687)	-	(1,841,687)
Total net position	$ (1,841,687)	$ 45,398,465	$ 43,556,778

The net position of the District's governmental activities increased by $4,183. The increase in net position is due to property tax and charges for services revenues and investment and other income exceeding service expenses.

The net position of the District's business-type activities increased by $2,324,202, or about 5%. The majority of the increase in net position is related to connection fees received from one of the District's participants and regional charges for services exceeding regional service operations expenses, offset by depreciation and amortization expense on the District's capital and lease assets. Although the District's investment in it capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

2025 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues			
Charges for services	$ 306,580	$ 10,191,357	$ 10,497,937
Connection fees	-	3,490,548	3,490,548
General revenues			
Property taxes	140,764	-	140,764
Penalty and interest	445	-	445
Investment income	13,370	20,973	34,343
Other income	177,524	593,004	770,528
Total revenues	638,683	14,295,882	14,934,565
Expenses			
Services	634,500	9,461,007	10,095,507
Depreciation and amortization	-	2,493,411	2,493,411
Debt service, interest	-	17,262	17,262
Total expenses	634,500	11,971,680	12,606,180

2025 Summary of Changes in Net Position (Continued)

	Governmental Activities	Business-Type Activities	Total
Change in net position	$ 4,183	$ 2,324,202	$ 2,328,385
Net position, beginning of year	(1,841,687)	45,398,465	43,556,778
Net position, end of year	$ (1,837,504)	$ 47,722,667	$ 45,885,163

2024 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues			
Charges for services	$ -	$ 8,836,578	$ 8,836,578
Connection fees	-	8,070,846	8,070,846
General revenues			
Property taxes	116,547	-	116,547
Tap connection and inspection fees	269,005	-	269,005
Investment income	1,649	65,568	67,217
Other income	152,786	-	152,786
Total revenues	539,987	16,972,992	17,512,979
Expenses			
Services	447,943	8,313,395	8,761,338
Depreciation	-	2,471,798	2,471,798
Debt service, interest	-	44,046	44,046
Total expenses	447,943	10,829,239	11,277,182
Change in net position	92,044	6,143,753	6,235,797
Net position, beginning of year	(1,933,731)	39,254,712	37,320,981
Net position, end of year	$ (1,841,687)	$ 45,398,465	$ 43,556,778

Financial Analysis of the District's Funds

Governmental Activities

The general fund's fund balance increased by $4,183 as a result of property tax and tap connection and inspection fees revenues and other income being greater than service operations and tap connection expenditures.

Business-Type Activities

The enterprise fund's net position increased by $2,324,202 primarily due to connection fees received from one of the District's participants and regional charges for services exceeding regional service operations expenses, offset by depreciation and amortization expense on the District's capital and lease assets.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues and contracted services expenditures being greater than anticipated and tap connection and inspection fees revenues and the related tap connection expenditures being less than anticipated. In addition, regional water fee revenues and purchased services expenditures were not included in the budget. The fund balance as of May 31, 2025 was expected to be $278,568, and the actual end-of-year fund balance was $282,751.

Capital and Lease Assets and Related Debt

Capital and Lease Assets

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

Capital and Lease Assets (Net of Accumulated Depreciation and Amortization)

	2025	2024
Business-type activities		
Land and improvements	$ 562,077	$ 562,077
Water facilities	41,155,800	33,322,908
Wastewater facilities	22,066,752	22,822,004
Drainage facilities	1,267,257	1,283,575
Lease assets	79,942	216,982
Total capital and lease assets	$ 65,131,828	$ 58,207,546

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

Water plant No. 4, Phase 1	$ 8,386,987
Water plant No. 2 ground storage tank No. 2	2,308,335
Water well No. 5	370,687
Replacement of pumping equipment at water well No. 5 and booster pump No. 2 motor	332,485
Driveway and pad for polyphosphate system at water plant No. 4	19,965
Replacement of sewer equipment: backwash pump No. 2, digester floats to cutoff RAS/WAS pumps, RAS pump No. 3, lift pump No. 2 and check valve, spare backwash pump, lift pump No. 1, and flowmeter installation on plant No. 1	156,457
Purchase of spare backwash pump and blower package	60,669
Fabrication and installation of new cantilever gate	10,890
Total additions to capital and lease assets	$ 11,646,475

The developer within the District has constructed Master District water, sewer, drainage, and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the cost of these facilities from the proceeds of future bond issues or from future connection charges, subject to the approval of the Commission, if applicable. At May 31, 2025, a liability for developer-constructed capital assets of $17,407,647 was recorded in the financial statements for the business-type activities.

Debt

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

	Governmental Activities	Business-Type Activities	Total
Long-term debt payable, beginning of year	$ 2,120,255	$ 12,880,605	$ 15,000,860
Increases in long-term debt	-	10,695,321	10,695,321
Decreases in long-term debt	-	(6,080,385)	(6,080,385)
Long-term debt payable, end of year	$ 2,120,255	$ 17,495,541	$ 19,615,796

At May 31, 2025, the District had $350,000,000 of internal district unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District; $143,500,000 of internal district unlimited tax bonds authorized, but unissued, for the purpose of constructing recreational facilities; and $291,500,000 of internal district unlimited tax bonds authorized, but unissued, for road facilities.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. Effective December 1, 2017, prior to annexation, the City would be required to hold an election in the District whereby the qualified voters of the District would approve the annexation. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Economic Dependency

Since inception, the developer has advanced $2,120,255 to the Internal District for operations. The Internal District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming fiscal year. These advances have been recorded as liabilities in the government-wide financial statements.

Contingencies

The developer of the District is constructing Master District water and sewer facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs plus interest from the proceeds of future bond sales to the extent approved by the Commission and subject to the terms of a reimbursement agreement with the District. The District's engineer has stated that current construction amounts are approximately $67,000,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Harris County Municipal Utility District No. 418
Statement of Net Position
May 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 108,541	$ 389,950	$ 498,491
Short-term investments	244,482	122,255	366,737
Service accounts receivable	1,761	-	1,761
Due from participants	-	2,255,243	2,255,243
Internal balances	(28,461)	28,461	-
Operating reserve	10,000	-	10,000
Prepaid expenditures	1,601	-	1,601
Due from others	25,461	-	25,461
Total Current Assets	363,385	2,795,909	3,159,294
Noncurrent Assets			
Capital and lease assets, net of accumulated depreciation and amortization)			
Infrastructure	-	64,489,809	64,489,809
Lease assets	-	79,942	79,942
Land and improvements	-	562,077	562,077
Total Noncurrent Assets	-	65,131,828	65,131,828
Total Assets	$ 363,385	$ 67,927,737	$ 68,291,122

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	$ 27,215	$ 1,172,181	$ 1,199,396
Customer deposits	7,150	-	7,150
Unearned tap connection fees	45,905	-	45,905
Due to others	364	-	364
Long-term liabilities, due within one year	-	87,894	87,894
Total Current Liabilities	80,634	1,260,075	1,340,709
Noncurrent Liabilities			
Deposits from participants	-	1,537,348	1,537,348
Long-term liabilities, due after one year	2,120,255	17,407,647	19,527,902
Total Noncurrent Liabilities	2,120,255	18,944,995	21,065,250
Total Liabilities	2,200,889	20,205,070	22,405,959
Net Position			
Net investment in capital assets	-	47,600,412	47,600,412
Restricted, capital projects	-	122,255	122,255
Unrestricted	(1,837,504)	-	(1,837,504)
Total Net Position	(1,837,504)	47,722,667	45,885,163
Total Liabilities and Net Position	$ 363,385	$ 67,927,737	$ 68,291,122

Harris County Municipal Utility District No. 418
Statement of Activities
Year Ended May 31, 2025

		Program Revenues	Net Revenue (Expense) and Changes in Net Position		
			Primary Government		
	Expenses	Charges for Services	Governmental Activities	Business-Type Activities	Total
Government/Programs					
Primary Government					
Governmental activities					
Service operations	$ 634,500	$ 306,580	$ (327,920)	$ -	$ (327,920)
Business-type activities					
Regional service operations	9,461,007	10,191,357	-	730,350	730,350
Connection fees	-	3,490,548	-	3,490,548	3,490,548
Depreciation and amortization	2,493,411	-	-	(2,493,411)	(2,493,411)
Debt service, interest	17,262	-	-	(17,262)	(17,262)
Total business-type activities	11,971,680	13,681,905	-	1,710,225	1,710,225
Total Primary Government	$ 12,606,180	$ 13,988,485	(327,920)	1,710,225	1,382,305
General Revenues					
Property taxes			140,764	-	140,764
Penalty and interest			445	-	445
Investment income			13,370	20,973	34,343
Other income			177,524	593,004	770,528
Total General Revenues			332,103	613,977	946,080
Change in Net Position			4,183	2,324,202	2,328,385
Net Position, Beginning of Year			(1,841,687)	45,398,465	43,556,778
Net Position, End of Year			$ (1,837,504)	$ 47,722,667	$ 45,885,163

Harris County Municipal Utility District No. 418
Balance Sheet – Governmental Fund
May 31, 2025

		General Fund
ASSETS		
Cash	$	108,541
Short-term investments		244,482
Service accounts receivable		1,761
Internal balances		(28,461)
Prepaid expenditures		1,601
Due from others		25,461
Operating reserve		10,000
Total Assets	$	363,385
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	27,215
Customer deposits		7,150
Unearned tap connection fees		45,905
Due to others		364
Total Liabilities		80,634
Fund Balance		
Nonspendable, prepaid expenditures		1,601
Assigned, operating reserve		10,000
Unassigned		271,150
Total Fund Balance		282,751
Total Liabilities and Fund Balance	$	363,385

Harris County Municipal Utility District No. 418
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund
Year Ended May 31, 2025

	General Fund
Revenues	
Property taxes	$ 140,764
Water service	8,071
Sewer service	8,309
Surface water conversion	14,655
Penalty and interest	445
Tap connection and inspection fees	275,545
Investment income	13,370
Other income	177,524
Total Revenues	638,683
Expenditures	
Service operations	
Purchased services	28,461
Professional fees	233,273
Contracted services	74,278
Repairs and maintenance	9,254
Tap connections	209,050
Other expenditures	69,284
Capital outlay	10,900
Total Expenditures	634,500
Excess of Revenues Over Expenditures	4,183
Fund Balance, Beginning of Year	278,568
Fund Balance, End of Year	$ 282,751

Harris County Municipal Utility District No. 418
Statement of Net Position – Proprietary Fund
May 31, 2025

	Business-Type Activities – Enterprise Fund
ASSETS	
Current Assets	
Cash	$ 389,950
Short-term investments	122,255
Due from participants	2,255,243
Internal balances	28,461
Total Current Assets	2,795,909
Capital and Lease Assets	
Infrastructure, net of accumulated depreciation of $19,752,100	64,489,809
Land and improvements	562,077
Lease assets, net of accumulated amortization of $411,123	79,942
Total Capital and Lease Assets	65,131,828
Total Assets	$ 67,927,737
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	$ 1,172,181
Long-term liabilities, due within one year	87,894
Total Current Liabilities	1,260,075
Noncurrent Liabilities	
Deposits from participants	1,537,348
Long-term liabilities, due after one year	17,407,647
Total Noncurrent Liabilities	18,944,995
Total Liabilities	20,205,070
Net Position	
Net investment in capital assets	47,600,412
Restricted, capital projects	122,255
Total Net Position	47,722,667
Total Liabilities and Net Position	$ 67,927,737

Harris County Municipal Utility District No. 418
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
Year Ended May 31, 2025

	Business-Type Activities – Enterprise Fund
Operating Revenues	
Charges for services	$ 10,191,357
Connection fees	3,490,548
Total Operating Revenues	13,681,905
Operating Expenses	
Purchased services	2,010,287
Regional water fee	3,162,106
Professional fees	128,491
Contracted services	293,258
Utilities	588,030
Repairs and maintenance	2,891,692
Interest expense	17,262
Other expenditures	387,143
Depreciation and amortization	2,493,411
Total Operating Expenses	11,971,680
Operating Income	1,710,225
Nonoperating Income	
Other income	593,004
Investment income	20,973
Total Nonoperating Income	613,977
Change in Net Position	2,324,202
Net Position, Beginning of Year	45,398,465
Net Position, End of Year	$ 47,722,667

Harris County Municipal Utility District No. 418
Statement of Cash Flows – Proprietary Fund
Year Ended May 31, 2025

	Business-Type Activities – Enterprise Fund
Operating Activities	
Receipts from connection fees	$ 3,490,548
Receipts from participant charges	9,352,733
Payments for service operations	(8,887,879)
Other operating receipts	205,568
Net Cash Provided by Operating Activities	4,160,970
Capital and Related Financing Activities	
Internal balances	(28,461)
Repayment to developer	(3,119,861)
Principal payments on lease liability	(138,738)
Purchase of capital assets	(951,154)
Net Cash Used in Capital and Related Financing Activities	(4,238,214)
Investing Activities	
Purchase of investments	(14,856)
Interest and other income	20,973
Net Cash Provided by Investing Activities	6,117
Net Change in Cash	(71,127)
Cash, Beginning of Year	461,077
Cash, End of Year	$ 389,950
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 1,710,225
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization expense	2,493,411
Change in assets and liabilities	
Receivables, net	(838,624)
Prepaid expenses	293
Accounts payable and other liabilities	795,665
Net Cash Provided by Operating Activities	$ 4,160,970
Noncash Investing and Financing Activities	
Capital assets financed by developer	$ 10,695,321

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

Harris County Municipal Utility District No. 418 (District) was created by an order of the Texas Commission on Environmental Quality (Commission), effective February 21, 2005, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District. The District is also authorized by the Texas Water Code, Chapter 49, to provide recreational facilities and has acquired the authority to provide road facilities under the Texas Water Code, Chapter 54. The District also serves as the “Master District” as discussed in Note 7 to the financial statements.

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

Reporting Entity

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through intergovernmental revenues and reimbursements from participants. Business-type activities are financed by fees charged to external parties for goods and services.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as investment earnings, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or if it meets certain other criteria.

Currently, the District only has one governmental fund, the general fund.

Governmental Fund

The District presents the following major governmental fund:

General Fund – The general fund is the primary operating fund of the District, which accounts for all financial resources not accounted for in another fund, including the proprietary fund.

Fund Balance – Governmental Fund

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

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

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

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

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

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

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

Proprietary Fund

Enterprise Fund – The enterprise fund accounts for the operations of the regional facilities. These facilities provide water supply and delivery, wastewater collection, treatment, and disposal facilities to participants.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

In the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item B as shown below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

(A) All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

(B) The proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

All governmental funds use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (*i.e.*, when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

All primary sources of the District's revenue are susceptible to accrual. Examples of revenue accrued are taxes, fees for services, charges to participants based on cost-reimbursement contracts and earnings from investments.

Deferred inflows of resources are recorded when the potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before earned.

Expenditures and liabilities are recognized when the related fund obligations are incurred as a result of receipt of goods and services.

All proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services along with penalties and fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Cash and Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2025 include collections during the current period or within 60 days of year-end related to the 2024 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2025, the 2024 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Capital assets of proprietary funds are reported in both the government-wide and fund financial statements. All other capital assets of the governmental unit are general capital assets. They are not reported as assets in governmental funds but are reported in the governmental activities column in the government-wide statement of net position.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives, unless they are inexhaustible, such as land. Depreciation expense is reported in the government-wide statement of activities, and the proprietary fund statement of revenues, expenses, and changes in net position.

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years
Drainage facilities	10–45 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term of the useful life of the underlying asset.

Long-Term Obligations

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

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

Net Position/Fund Balance

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	$ (2,120,255)

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

At May 31, 2025, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

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

At May 31, 2025, the District had the following investments and maturities:

		Maturities in Years			
Type	**Fair Value**	**Less Than 1**	**1–5**	**6–10**	**More Than 10**
Texas CLASS	$ 366,737	$ 366,737	$ -	$ -	$ -

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2025, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheet and statement of net position at May 31, 2025 as follows.

Carrying value	
Deposits	$ 498,491
Investments	366,737
Total	$ 865,228

Included in the following balance sheet and statement of net position captions:

Governmental activities	
Cash and cash equivalents	$ 108,541
Short-term investments	244,482
Business-type activities	
Cash and cash equivalents	389,950
Short-term investments	122,255
Total	$ 865,228

Investment Income

Investment income of $13,370 in the governmental activities and $20,973 in business-type activities for the year ended May 31, 2025 consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2025:

- Pooled investments of $366,737 are valued at fair value per share of the pool's underlying portfolio

Note 3. Capital and Lease Assets

A summary of changes in capital and lease assets for the year ended May 31, 2025 is presented below:

Business-Type Activities	Balances, Beginning of Year	Additions	Retirements	Balances, End of Year
Capital assets, non-depreciable				
Land and improvements	$ 562,077	$ -	$ -	$ 562,077
Capital and lease assets, depreciable and amortizable				
Water production and distribution facilities	42,086,387	11,418,459	2,332,446	51,172,400
Wastewater collection and treatment facilities	31,168,753	228,016	-	31,396,769
Drainage facilities	1,672,740	-	-	1,672,740
Lease assets – equipment	491,065	-	-	491,065
Total capital and lease assets, depreciable and amortizable	75,418,945	11,646,475	2,332,446	84,732,974

Business-Type Activities (Continued)	Balances, Beginning of Year	Additions	Retirements	Balances, End of Year
Less accumulated depreciation and amortization				
Water production and distribution facilities	$ (8,763,479)	$ (1,356,785)	$ (103,664)	$ (10,016,600)
Wastewater collection and treatment facilities	(8,346,749)	(983,268)	-	(9,330,017)
Drainage facilities	(389,165)	(16,318)	-	(405,483)
Lease assets – equipment	(274,083)	(137,040)	-	(411,123)
Total accumulated depreciation and amortization	(17,773,476)	(2,493,411)	(103,664)	(20,163,223)
Total business-type activities, net	$ 58,207,546	$ 9,153,064	$ 2,228,782	$ 65,131,828

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended May 31, 2025 were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Due to developer, advances	$ 2,120,255	$ -	$ -	$ 2,120,255	$ -

Business-Type Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Lease liability	$ 226,632	$ -	$ 138,738	$ 87,894	$ 87,894
Due to developer, construction	12,653,973	10,695,321	5,941,647	17,407,647	-
Total business-type activities long-term liabilities	$ 12,880,605	$ 10,695,321	$ 6,080,385	$ 17,495,541	$ 87,894

Internal District bonds voted	
Water, sewer, and drainage	$ 350,000,000
Recreational facilities	143,500,000
Road facilities	291,500,000
Refunding bonds voted	
Water, sewer, drainage, and recreational facilities	493,500,000
Road facilities	291,500,000

Due to Developer

The developer of the District has constructed Master District facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. The District's engineer estimates reimbursable costs for completed projects are $17,407,647 for the business-type activities. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales or connection charges from participating districts. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5. Maintenance Taxes

At an election held November 7, 2006, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2025, the District levied an ad valorem maintenance tax at the rate of $1.00 per $100 of assessed valuation, which resulted in a tax levy of $140,764 on a taxable valuation of $14,076,359 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 6. Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of May 31, 2025, the Authority was billing the District $3.95 per 1,000 gallons of water pumped from its wells and $4.35 per 1,000 gallons of surface water delivered to the District. These amounts are subject to future adjustments.

Note 7. Joint Facilities

Contract

The District entered into that certain Contract for Financing, Operation and Maintenance of Master Water and Sanitary Sewer Facilities with Harris County Municipal Utility District Nos. 419, 489, 490, 491, 492 and 493 (collectively, the “Bridgeland Districts”) dated August 1, 2006, as amended from time to time. Under the terms of the master contract, the District serves as the “Master District” and provides or causes to be provided the Master District water supply and delivery facilities and the Master District waste collection, treatment, and disposal facilities necessary to serve the District, and the Bridgeland Districts. Under the terms of the master contract, which is in effect for 50 years, the Master District establishes annual operating charges per 1,000 gallons of water and wastewater usage, which is billed to the Bridgeland Districts receiving service on a monthly basis. Operational costs are classified as fixed or variable and are shared, respectively, based on capacity reserved by the participants or estimated usage. In addition, the District bills a portion of its general and administrative costs to the Bridgeland Districts receiving service as an administrative fee.

Operating Deposits

The master contract requires that each participant advance funds to the Master District to create a reserve for the benefit of such participant in an amount equal to the participant’s projected share of operations and maintenance costs for a two-month period commencing at the beginning of the Master District’s fiscal year. Harris County Municipal Utility District No. 419 (District No. 419) has contributed $573,331 for its share of the water supply reserve and $141,441 for the wastewater treatment reserve. Harris County Municipal Utility District No. 489 (District No. 489) has contributed $514,926 for its share of the water supply reserve and $132,183 for the wastewater treatment reserve. Harris County Municipal Utility District No. 490 (District No. 490) has contributed $80,373 for its share of the water supply reserve and $41,206 for the wastewater treatment reserve. Harris County Municipal Utility District No. 491 (District No. 491) has contributed $16,075 for its share of the water supply reserve and $14,419 for the wastewater treatment reserve. Harris County Municipal Utility District No. 493 (District No. 493) has contributed $16,075 for its share of the water supply reserve and $7,319 for the wastewater treatment reserve. These amounts are reflected as deposits from participants in the financial statements. The reserves are subject to adjustment annually.

Connection Charges

Under the terms of the master contract, the District collects connection charges from the participating districts in order to obtain funds to finance capital costs of the Master District facilities. The connection charge per equivalent single-family connection is currently $5,213 for capacity in the Master District's water delivery system and $3,953 for capacity in the Master District's wastewater treatment plant. The connection charge per equivalent single-family connection for sanitary sewer system capacity currently varies from $0 to $5,129, depending on the location of such connection. These amounts are subject to adjustment annually. Through May 31, 2025, the District has collected water and sewer connection fees with a total value of $31,066,207 from District No. 419, $30,399,382 from District No. 489, $11,133,910 from District No. 490 and $3,490,548 from District No. 491.

In addition, the District is authorized, under certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the Master District facilities, as needed, to serve all districts in the service area. Subject to approval by the voters within the participating districts, the participating districts would contribute to the debt service requirements of such contract revenue bonds.

Note 8. Lease Liability

The District entered into an amended sewage treatment plant lease contract dated November 3, 2015, which consolidated all previous lease agreements into one monthly payment of $13,000. The amended lease agreement extended the terms of the original agreements to October 31, 2021. The lease continues on a month-to-month basis after October 31, 2021. Payments made under the amended lease agreement for the year ended May 31, 2025 were $156,000.

The following schedule shows the annual lease requirements to pay principal and interest on the lease liability outstanding at May 31, 2025:

Fiscal Year Ending May 31,	Principal	Interest	Total
2026	$ 87,894	$ 3,106	$ 91,000

Note 9. Contracts With Others

During the year ended May 31, 2024, the District entered into a contract with District Nos. 419, 489, 490, 491, 492 and 493, as well as Harris County Water Control and Improvement District Nos. 158 and 159 (WCIDs), which created the Bridgeland Water Agency. The Agency was created to facilitate and coordinate public communications, sharing of costs and expenses, and to provide supporting administrative functions to the Districts and the WCIDs, and acquire and maintain lands, buildings or office space, equipment, materials, and supplies necessary to carry out the provisions of the contract. Effective May 31, 2024, the WCIDs withdrew from the contract. As of May 31, 2025, the District has contributed $10,000 for its share of a reserve.

Note 10. Risk Management

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

Note 11. Economic Dependency

Since inception, the developer has advanced $2,120,255 to pay operational costs of the Internal District. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming fiscal year. Due to the uncertain reimbursement date and in accordance with standards adopted by the Governmental Accounting Standards Board, these advances are considered long term and have been recorded as liabilities in the government-wide financial statements.

Note 12. Contingencies

The developer of the District is constructing Master District water and sewer facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs plus interest from the proceeds of future bond sales to the extent approved by the Commission and subject to the terms of a reimbursement agreement with the District. The District's engineer has stated that current construction amounts are approximately $67,000,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Required Supplementary Information

Harris County Municipal Utility District No. 418
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2025

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 100,000	$ 100,000	$ 140,764	$ 40,764
Water service	-	14,000	8,071	(5,929)
Sewer service	-	-	8,309	8,309
Regional water fee	-	-	14,655	14,655
Penalty and interest	-	-	445	445
Tap connection and inspection fees	-	380,000	275,545	(104,455)
Investment income	1,000	12,000	13,370	1,370
Administrative fee	164,000	164,000	177,524	13,524
Total Revenues	265,000	670,000	638,683	(31,317)
Expenditures				
Service operations				
Purchased services	-	-	28,461	(28,461)
Professional fees	214,500	229,800	233,273	(3,473)
Contracted services	50,000	55,000	74,278	(19,278)
Repairs and maintenance	-	-	9,254	(9,254)
Tap connections	-	310,000	209,050	100,950
Other expenditures	55,780	67,045	69,284	(2,239)
Capital outlay	22,500	22,500	10,900	11,600
Total Expenditures	342,780	684,345	634,500	49,845
Excess (Deficiency) of Revenues Over Expenditures	(77,780)	(14,345)	4,183	18,528
Other Financing Sources				
Developer advances	77,780	14,345	-	(14,345)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	-	4,183	4,183
Fund Balance, Beginning of Year	278,568	278,568	278,568	-
Fund Balance, End of Year	$ 278,568	$ 278,568	$ 282,751	$ 4,183

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2025.

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

Supplementary Information

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

[X] Notes Required by the Water District Accounting Manual
See “Notes to Financial Statements,” Pages 17–27

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[ ] Schedule of Long-Term Debt Service Requirements by Years – Not Applicable

[ ] Changes in Long-Term Bonded Debt – Not Applicable

[X] Comparative Schedule of Revenues and Expenditures – General Fund – Five Years

[X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 418
Schedule of Services and Rates
Year Ended May 31, 2025

1. Services provided by the District

X Retail Water	Wholesale Water	X Drainage
X Retail Wastewater	Wholesale Wastewater	Irrigation
X Parks/Recreation	Fire Protection	Security
Solid Waste/Garbage	Flood Control	X Roads

X Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
Other

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 18.00	5,000	N	$ 1.75	5,001	to	10,000
				$ 2.00	10,001	to	20,000
				$ 2.50	20,001	to	No limit
Wastewater:	$ 56.05	-	Y				
Regional Water Fee:	$ 4.66	1,000	N	$ 4.66	1,001	to	No limit

Does the District employ winter averaging for wastewater usage? Yes ___ No X

Total charges per 10,000 gallons usage (including fees): Water $ 73.35 Wastewater $ 56.05

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	-	-	x1.0	-
1"	-	-	x2.5	-
1 1/2"	1	1	x5.0	5
2"	7	7	x8.0	56
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	1	1	x50.0	50
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	13	13		366
Total wastewater	9	9	x1.0	9

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

Gallons pumped into the system:	1,289,246
Gallons billed to customers:	1,160,977
Water accountability ratio (gallons billed/gallons pumped):	90.05%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 418
Schedule of General Fund Expenditures
Year Ended May 31, 2025

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 10,400	
Legal	85,658	
Engineering	137,215	
Financial advisor	-	233,273
Purchased Services for Resale		
Bulk water and wastewater service purchases		28,461
Regional Water Fee		-
Contracted Services		
Bookkeeping	61,381	
General manager	-	
Appraisal district	1,109	
Tax collector	11,788	
Security	-	
Other contracted services	-	74,278
Utilities		-
Repairs and Maintenance		9,254
Administrative Expenditures		
Directors' fees	17,901	
Office supplies	4,135	
Insurance	5,864	
Interest expense	-	
Other administrative expenditures	41,384	69,284
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	10,900	10,900
Tap Connection Expenditures		209,050
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total Expenditures		$ 634,500

Harris County Municipal Utility District No. 418
Schedule of Temporary Investments
May 31, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
Governmental Activities				
General Fund				
Texas CLASS	4.42%	Demand	$ 244,482	$ -
Business-Type Activities				
Enterprise Fund				
Texas CLASS	4.42%	Demand	122,255	-
Totals			$ 366,737	$ -

Harris County Municipal Utility District No. 418
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2025

	Maintenance Taxes
Receivable, Beginning of Year	$ -
Additions and corrections to prior years' taxes	-
Adjusted Receivable, Beginning of Year	-
2024 Original Tax Levy	139,535
Additions and corrections	1,229
Adjusted tax levy	140,764
Total to Be Accounted For	140,764
Tax collections: Current year	(140,764)
Prior Year	-
Receivable, End of Year	$ -

	2024	2023	2022
Property Valuations			
Land	$ 13,975,747	$ 12,669,299	$ 11,368,045
Improvements	252,284	219,426	100
Personal property	7,920	5,660	4,360
Exemptions	(159,592)	(159,592)	(100,364)
Total Property Valuations	$ 14,076,359	$ 12,734,793	$ 11,272,141
Tax Rates Per $100 Valuation			
Maintenance tax rates*	$ 1.0000	$ 1.0000	$ 1.0000
Tax Levy	$ 140,764	$ 127,348	$ 112,721
Percent of Taxes Collected to Taxes Levied**	100 %	100 %	100 %

*Maximum tax rate approved by voters: $1.50 on November 7, 2006
**Calculated as taxes collected for a tax year divided by taxes levied for that tax year

Harris County Municipal Utility District No. 418
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended May 31,

	Amounts				
	2025	2024	2023	2022	2021
General Fund					
Revenues					
Property taxes	$ 140,764	$ 116,547	$ 123,522	$ -	$ -
Water service	8,071	-	-	-	-
Sewer service	8,309	-	-	-	-
Regional water fee	14,655	-	-	-	-
Penalty and interest	445	-	-	-	-
Tap connection and inspection fees	275,545	269,005	-	-	-
Investment income	13,370	1,649	631	-	15
Administrative fee	177,524	152,786	135,814	141,809	94,414
Total Revenues	638,683	539,987	259,967	141,809	94,429
Expenditures					
Service operations					
Purchased services	28,461	403	-	-	-
Professional fees	233,273	167,856	189,811	174,380	131,331
Contracted services	74,278	65,140	46,824	27,694	21,295
Repairs and maintenance	9,254	-	-	-	-
Tap connections	209,050	136,964	-	-	-
Other expenditures	69,284	55,580	40,646	33,670	27,418
Capital outlay	10,900	22,000	11,900	46,500	15,900
Total Expenditures	634,500	447,943	289,181	282,244	195,944
Excess (Deficiency) of Revenues Over Expenditures	4,183	92,044	(29,214)	(140,435)	(101,515)
Other Financing Sources					
Developer advances	-	82,670	112,984	148,437	95,594
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	4,183	174,714	83,770	8,002	(5,921)
Fund Balance, Beginning of Year	278,568	103,854	20,084	12,082	18,003
Fund Balance, End of Year	$ 282,751	$ 278,568	$ 103,854	$ 20,084	$ 12,082
Total Active Retail Water Connections	13	6	-	-	-
Total Active Retail Wastewater Connections	9	4	-	-	-

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
22.0 %	21.6 %	47.5 %	- %	- %
1.3	-	-	-	-
1.3	-	-	-	-
2.3	-	-	-	-
0.1	-	-	-	-
43.1	49.8	-	-	-
2.1	0.3	0.2	-	0.0
27.8	28.3	52.3	100.0	100.0
100.0	100.0	100.0	100.0	100.0
4.6	0.1	-	-	-
36.5	31.1	73.0	123.0	139.1
11.6	12.1	18.0	19.5	22.6
1.4	-	-	-	-
32.7	25.4	-	-	-
10.8	10.3	15.6	23.7	29.0
1.7	4.1	4.6	32.8	16.8
99.3	83.1	111.2	199.0	207.5
0.7 %	16.9 %	(11.2) %	(99.0) %	(107.5) %

Harris County Municipal Utility District No. 418
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2025

Complete District mailing address:	Harris County Municipal Utility District No. 418 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, TX 77056	
District business telephone number:	713.623.4531	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		November 26, 2024
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Steven P. Knabe	Elected 05/22– 05/26	$ 5,304	$ 2,654	President
Chris Gilbert	Elected 05/24– 05/28	5,304	3,132	Vice President
Bettina Parr	Elected 05/22– 05/26	2,652	74	Secretary
Cathy H. Guernsey Cobb	Elected 05/22– 05/26	2,873	716	Assistant Secretary
Colby McClary	Elected 05/24– 05/28	1,768	512	Assistant Secretary

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

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BGE, Inc.	04/15/05	$ 243,841	Engineer
Forvis Mazars, LLP	05/16/06	35,500	Auditor
Harris Central Appraisal District	Legislative Action	1,109	Appraiser
Inframark, LLC	06/21/05	3,148,421	Operator
Masterson Advisors LLC	05/22/18	-	Financial Advisor
Municipal Accounts & Consulting, L.P.	03/03/05	95,445	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/26/22	-	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	03/03/05	109,130	Attorney
Wheeler & Associates, Inc.	03/03/05	23,561	Tax Assessor/ Collector
Investment Officers			
Mark M. Burton and Ghia Lewis	03/03/05	N/A	Bookkeepers