

OFFICIAL STATEMENT DATED JULY 23, 2026

IN THE OPINION OF BOND COUNSEL (DEFINED BELOW), UNDER CURRENT LAW AND SUBJECT TO CONDITIONS DESCRIBED IN THE SECTION “TAX EXEMPTION” HEREIN, INTEREST ON THE BONDS (DEFINED BELOW) (A) IS NOT INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, (B) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM INCOME TAX, AND (C) IS TAKEN INTO ACCOUNT BY APPLICABLE CORPORATIONS (AS DEFINED IN SECTION 59(K) OF THE CODE) FOR THE ALTERNATIVE MINIMUM TAX IMPOSED ON SUCH CORPORATIONS. A HOLDER MAY BE SUBJECT TO OTHER FEDERAL TAX CONSEQUENCES AS DESCRIBED IN THE SECTION “TAX EXEMPTION.”

THE BONDS HAVE BEEN DESIGNATED “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry-Only

Insured Rating (BAM): S&P “AA” (stable outlook)
Underlying Rating: S&P “A-”
See “MUNICIPAL BOND RATING” and
“MUNICIPAL BOND INSURANCE” herein.

\$7,500,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
(A political subdivision of the State of Texas located within Harris County)
UNLIMITED TAX BONDS
SERIES 2026

The bonds described above (the “Bonds”) are obligations solely of Harris County Municipal Utility District No. 43 (the “District”) and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District.

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

Dated Date: August 1, 2026

Due: September 1, as shown below

Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds accrues from the initial date of delivery (expected on or about August 25, 2026) (the “Date of Delivery”), and is payable each March 1 and September 1, commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM” or the “Insurer”). See “MUNICIPAL BOND INSURANCE” herein.

MATURITY SCHEDULE

Due	Principal	Interest	Initial	CUSIP	Due	Principal	Interest	Initial	CUSIP
(September 1)	Amount	Rate	Reoffering	Yield (c)	(September 1)	Amount	Rate	Reoffering	Yield (c)
2027	\$ 85,000	6.000%	2.950%	414215 GK3	2038	\$ 255,000 (a)	3.750%	4.200%	414215 GW7
2028	135,000	6.000%	3.050%	414215 GL1	2039	260,000 (a)	3.875%	4.150%	414215 GX5
2029	140,000	6.000%	3.150%	414215 GM9	2040	275,000 (a)	4.000%	4.100%	414215 GY3
2030	135,000	6.000%	3.250%	414215 GN7	2041	280,000 (a)	4.125%	4.125%	414215 GZ0
2031	205,000	6.000%	3.350%	414215 GP2	2042	285,000 (a)	4.125%	4.150%	414215 HA4
2032	220,000	6.000%	3.450%	414215 GQ0	2043	295,000 (a)	4.125%	4.200%	414215 HB2
2033	220,000 (a)	6.000%	3.550%	414215 GR8	2044	300,000 (a)	4.250%	4.250%	414215 HC0
2034	230,000 (a)	3.625%	3.850%	414215 GS6	2045	310,000 (a)	4.250%	4.300%	414215 HD8
2035	230,000 (a)	3.625%	3.900%	414215 GT4	2046	320,000 (a)	4.250%	4.350%	414215 HE6
2036	240,000 (a)	3.625%	4.000%	414215 GU1	2047	330,000 (a)	4.375%	4.450%	414215 HF3
2037	250,000 (a)	3.750%	4.100%	414215 GV9	2048	340,000 (a)	4.375%	4.500%	414215 HG1

\$810,000 Term Bonds due September 1, 2050 (a), 414215 HJ5 (b), 4.375% Interest Rate, 4.55% Yield (c)
\$1,350,000 Term Bonds due September 1, 2053 (a), 414215 HM8 (b), 4.375% Interest Rate, 4.65% Yield (c)

- (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 value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
- (b) 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 (as herein defined) shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter for offers to the public and which subsequently may be changed.

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS.” Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about August 25, 2026.

TABLE OF CONTENTS

MATURITY SCHEDULE	1	Historical Tax Collections – Table 10	30
USE OF INFORMATION IN OFFICIAL STATEMENT	3	District Tax Rates – Table 11	31
SALE AND DISTRIBUTION OF THE BONDS	4	Principal Taxpayers – Table 12	31
Award of the Bonds	4	Tax Adequacy for Debt Service	31
Prices and Marketability	4	TAXING PROCEDURES	32
Securities Laws	4	Authority to Levy Taxes	32
OFFICIAL STATEMENT SUMMARY	5	Property Tax Code and County-Wide Appraisal District	32
SELECTED FINANCIAL INFORMATION (UNAUDITED) ...	8	Property Subject to Taxation by the District	32
THE BONDS	9	Tax Abatement	33
Description	9	Valuation of Property for Taxation	33
Method of Payment of Principal and Interest	9	District and Taxpayer Remedies	34
Source of and Security for Payment	9	Levy and Collection of Taxes	34
No Arbitrage	10	Tax Payment Installments After Disaster	34
Funds	10	Rollback of Operation and Maintenance Tax Rate	35
Redemption Provisions	10	District’s Rights in the Event of Tax Delinquencies	35
Authority for Issuance	11	INVESTMENT CONSIDERATIONS	36
Registration and Transfer	11	General	36
Lost, Stolen or Destroyed Bonds	11	Undeveloped Acreage	36
Payment Record	11	Economic Factors and Interest Rates	36
Paying Agent/Registrar	12	Credit Markets and Liquidity in the Financial Markets	36
Issuance of Additional Debt	12	Landowner Obligation to the District	37
Annexation by the City of Houston	12	Possible Impact on District Tax Rates	37
Alteration of Boundaries	13	Potential Effects of Oil Price Fluctuations on the Houston Area	37
Consolidation	13	Extreme Weather	37
Remedies in Event of Default	13	Specific Flood Type Risks	38
Legal Investment and Eligibility to Secure Public Funds in Texas	13	Tax Collections Limitations and Foreclosure Remedies	38
Defeasance	14	Registered Owners’ Remedies and Bankruptcy Limitations	38
BOOK-ENTRY-ONLY SYSTEM	14	Future Debt	39
USE AND DISTRIBUTION OF BOND PROCEEDS	16	Environmental Regulations	39
THE DISTRICT	17	Marketability of the Bonds	41
General	17	Changes in Tax Legislation	41
Location	17	Continuing Compliance with Certain Covenants	41
Land Use	18	Risk Factors Related to the Purchase of Municipal Bond Insurance	41
Status of Development	18	LEGAL MATTERS	42
Future Development	18	Legal Proceedings	42
MANAGEMENT OF THE DISTRICT	19	No Material Adverse Change	42
Board of Directors	19	No-Litigation Certificate	42
District Consultants	19	TAX EXEMPTION	43
THE SYSTEM	20	Other Tax Matters	43
Water Supply	20	Original Issue Discount	44
Subsidence and Conversion to Surface Water Supply	20	Bond Premium	44
Wastewater Treatment	21	MUNICIPAL BOND RATING	44
Stormwater Drainage	21	MUNICIPAL BOND INSURANCE	44
100-Year Flood Plain	21	Bond Insurance Policy	44
Atlas 14	21	Build America Mutual Assurance Company	45
Water and Wastewater Operations	22	PREPARATION OF OFFICIAL STATEMENT	46
Operating Revenues And Expenses Statement – Table 2	23	Sources and Compilation of Information	46
Projected Debt Service Requirements Schedule – Table 3	24	Financial Advisor	46
FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)	25	Consultants	46
Assessed Value – Table 4	25	Updating the Official Statement	46
Unlimited Tax Bonds Authorized but Unissued – Table 5	25	Certification of Official Statement	47
Outstanding Bonds – Table 6	26	CONTINUING DISCLOSURE OF INFORMATION	47
Cash and Investment Balances – Table 7 (Unaudited)	26	Annual Reports	47
Investment Authority and Investment Practices of the District	26	Event Notices	47
Current Investments – Table 8 (Unaudited)	28	Availability of Information from the MSRB	48
Estimated Overlapping Debt	28	Compliance With Prior Undertakings	48
Overlapping Taxes	29	MISCELLANEOUS	48
TAX DATA	30	AERIAL PHOTOGRAPH PHOTOGRAPHS OF THE DISTRICT	
Debt Service Tax	30	APPENDIX A—Independent Auditor’s Report and Financial Statements of the District for the fiscal year ended December 31, 2025	
Maintenance and Operations Tax	30	APPENDIX B—Form of Bond Counsel Opinion	
Exemptions	30	APPENDIX C—Specimen Municipal Bond Insurance Policy	
Additional Penalties	30		
Classification of Assessed Valuation – Table 9	30		

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 Hunton Andrews Kurth LLP, Bond Counsel, 600 Travis St., Suite 4200, Houston, Texas, 77002, for further information.

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

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

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

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 Baker Group LP (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.0386% of the par value thereof, which resulted in a net effective interest rate of 4.483354%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

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

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein 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

<i>Description...</i>	Harris County Municipal Utility District No. 43 (the “District”), a political subdivision of the State of Texas, was created by order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), effective July 18, 1972 and confirmed pursuant to an election held within the District on October 7, 1972. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, and to collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The District contains approximately 563 acres. See “THE DISTRICT.”
<i>Location...</i>	The District is located entirely within Harris County, Texas, approximately 22 miles north of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, approximately 5 miles east of Interstate Highway 45, and approximately 2 miles northeast of the intersection of FM 1960 and Aldine-Westfield Road. See “THE DISTRICT” and “AERIAL LOCATION MAP.”
<i>Status of Development...</i>	As of June 25, 2026, the District contained a total of 2,281 single-family homes (2,262 occupied). The development of an aggregate of 2,281 single-family residential lots (approximately 457 acres) is complete within the District, including the construction of underground water distribution, wastewater collection, and storm sewer facilities and street paving as follows: Birnamwood, Sections 2 through 5 (approximately 291 acres subdivided into 1,284 single-family residential lots); Villages of Spring Oaks, Section 1 (approximately 22 acres subdivided into 104 single-family residential lots); Villages of Spring Oaks, Section 2 (approximately 29 acres subdivided into 141 single-family residential lots); Villages of Spring Oaks, Section 3 (approximately 29 acres subdivided into 123 single-family residential lots); Villages of Spring Oaks, Section 4 (approximately 18 acres subdivided into 80 single-family residential lots); Cypresswood Landing Section 1 (approximately 36 acres subdivided into 290 single-family residential lots); and Cypresswood Landing Section 3 (approximately 32 acres subdivided into 259 lots). There are approximately 50 acres of land located in the District that are available for future development. Approximately 37 acres of such approximately 50 undeveloped acres of land located in the District are owned by a tax-exempt entity that currently uses the property as a therapeutic equestrian center. The remaining approximately 13 undeveloped acres of land are owned by multiple parties. None of the owners of any such approximately 13 acres that are available for future development has reported any definitive plan to the District for the construction of above-ground improvements on the tract that it owns, and no such owner has any obligation to the District to undertake the construction of any future aboveground improvements thereon. Therefore, the District cannot predict whether development of such approximately 13 currently undeveloped acres will be undertaken, or if any use of such approximately 37 additional currently undeveloped acres might be undertaken in the future that might subject such property to taxation by the District. The remaining approximately 56 acres located within the District are contained within easements, rights-of-way, drainage/detention facilities, District water plant and lift station sites, or are otherwise not available for future development. See THE DISTRICT—Future Development.”
<i>Payment Record...</i>	The District has never defaulted on its debt service obligations. See “USE AND DISTRIBUTION OF BOND PROCEEDS” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds.”

THE BONDS

<i>Description...</i>	The \$7,500,000 Harris County Municipal Utility District No. 43 Unlimited Tax Bonds, Series 2026 (the “Bonds”) are being issued pursuant to a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the District’s Board of Directors (the “Board”) and are authorized pursuant to an election held within the District. The Bonds will be issued as fully registered bonds and are scheduled to mature on September 1 in each of the years 2027 through 2048, both inclusive, and as term bonds maturing on September 1 in each of the years 2050 and 2053 (the “Term Bonds”) and in the principal amounts and paying interest at the rates shown on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The Bonds are dated August 1, 2026 and interest on the Bonds accrues from the Date of Delivery, and is payable March 1, 2027, and each September 1 and March 1 thereafter, until the earlier of stated maturity or redemption. See “THE BONDS.”
<i>Book-Entry-Only System...</i>	The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after September 1, 2033, are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds also are subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to pay for the items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS,” to pay engineering fees, administrative costs, and certain other costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance...</i>	At a bond election held within the District on May 6, 2023, voters in the District have authorized a total of \$48,180,000 principal amount of bonds for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system to serve the District. Following the issuance of the Bonds, the District will have \$33,070,000 in remaining authorized but unissued water, wastewater, and drainage bonds. The Bonds are issued by the District pursuant to an election held within the District, an order of the TCEQ, the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “THE BONDS—Authority for Issuance” and “—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Houston, Harris County, the State of Texas or any entity other than the District. See “THE BONDS—Source of and Security for Payment.”
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) has assigned a municipal bond rating of “AA” (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company (“BAM” or the “Insurer”). S&P has also assigned an underlying rating of “A-” to the Bonds. An explanation of the ratings may be obtained from S&P. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX C—Specimen Municipal Bond Insurance Policy.”

*Qualified Tax-Exempt
Obligations...*

The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986. See “TAX MATTERS—Qualified Tax-Exempt Obligations.”

Bond Counsel...

Hunton Andrews Kurth LLP, Houston, Texas. See “MANAGEMENT OF THE DISTRICT,” “LEGAL MATTERS,” and “TAX MATTERS.”

Financial Advisor...

Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT.”

Disclosure Counsel...

Hunton Andrews Kurth LLP, Houston, Texas.

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.”

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$476,634,201	(a)
2026 Preliminary Taxable Assessed Valuation	\$497,973,416	(b)
Gross Direct Debt Outstanding	\$ 30,160,000	(c)
Estimated Overlapping Debt	<u>36,490,581</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$ 66,650,581	
Ratios of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation	6.33%	
2026 Preliminary Taxable Assessed Valuation	6.06%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation	13.98%	
2026 Preliminary Taxable Assessed Valuation	13.38%	
Debt Service Funds Available as of June 9, 2026	\$1,701,809	(e)
Capital Projects Funds Available as of June 9, 2026.....	\$3,329,754	(e)
Operating Funds Available as of June 9, 2026	\$1,273,795	(e)
2025 Debt Service Tax Rate.....	\$0.31500	
2025 Maintenance Tax Rate.....	<u>0.23044</u>	
2025 Total Tax Rate.....	\$0.54544	
Average Annual Debt Service Requirement (2027-2053).....	\$1,873,810	(f)
Maximum Annual Debt Service Requirement (2048)	\$1,978,994	(f)
Tax Rates Required to Pay Average Annual Debt Service (2027-2053) at a 95% Collection Rate		
2025 Certified Taxable Assessed Valuation	\$0.42	(g)
Based upon 2026 Preliminary Taxable Assessed Valuation	\$0.40	(g)
Tax Rates Required to Pay Maximum Annual Debt Service (2048) at a 95% Collection Rate		
2025 Certified Taxable Assessed Valuation	\$0.44	(g)
Based upon 2026 Preliminary Taxable Assessed Valuation	\$0.42	(g)
Status of Development as of June 25, 2026 (h):		
Total Lots Constructed	2,281	
Homes Completed (2,262 Occupied)	2,281	
Estimated Population	7,917	(i)

- (a) As certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District as a preliminary indication of the 2026 taxable value as of January 1, 2026. Such value is subject to property owner protest, Appraisal District review and downward revision prior to certification. Such amount includes the 2026 preliminary real property value in the amount of \$490,010,708 and the 2025 certified personal property value in the District in the amount of \$7,962,708. No tax will be levied upon such amount until it is certified by the Appraisal District. See "TAXING PROCEDURES."
- (c) The Outstanding Bonds and the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) See "THE BONDS—Funds."
- (f) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (g) See "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates" and "TAX DATA—Tax Adequacy for Debt Service."
- (h) See "THE DISTRICT—Land Use" and "—Status of Development."
- (i) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 43 *(A political subdivision of the State of Texas located within Harris County)*

\$7,500,000

UNLIMITED TAX BONDS SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 43 (the “District”) of its \$7,500,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”).

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

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Hunton Andrews Kurth LLP, 600 Travis St., Suite 4200, Houston, Texas 77002 upon payment of the costs of duplication therefore.

THE BONDS

Description

The Bonds will be dated August 1, 2026 and will accrue interest from the Date of Delivery, with interest payable each March 1 and September 1, beginning March 1, 2027 (each an “Interest Payment Date”), and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

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

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

Source of and Security for Payment

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

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

No Arbitrage

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

Funds

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

Proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund, to be used for the purpose of rehabilitation to the District’s waterline system and sanitary sewer system and for paying engineering fees, administration costs and costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Debt Service Fund. See “USE AND DISTRIBUTION OF BOND PROCEEDS” for a complete description of the use of Bond proceeds.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2050 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, on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

\$810,000 Term Bonds		\$1,350,000 Term Bonds	
Due September 1, 2050		Due September 1, 2053	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2049	\$ 395,000	2051	\$ 430,000
2050 (maturity)	415,000	2052	450,000
		2053 (maturity)	470,000

Notice of the mandatory redemption of 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 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 of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

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

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

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

Authority for Issuance

At a bond election held within the District on May 6, 2023, voters of the District authorized the issuance of \$48,180,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and for refunding such bonds. The Bonds are being issued pursuant to such authorization. See "Issuance of Additional Debt" herein.

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

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

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Bond Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Houston, Texas. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the period beginning at the opening of business on a Record Date (defined herein) and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within 30 calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Lost, Stolen or Destroyed Bonds

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

Payment Record

The District has previously issued Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1973 (the "Series 1973 Bonds"), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1976 (the "Series 1976 Bonds"), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1982 (the "Series 1982 Bonds"), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2001 (the "Series 2001 Bonds"), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2003 (the "Series 2003 Bonds"), Unlimited Tax Bonds, Series 2006 (the "Series 2006 Bonds"), Unlimited Tax Bonds, Series 2012 (the "Series 2012 Bonds"), Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Bonds"), Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"), Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds" together with the Series 2012 Bonds, the Series 2019 Bonds, and the Bonds, the "Outstanding Bonds") (collectively, the "Previously Issued Bonds"). After issuance of the Bonds, the total of the District's direct bonded indebtedness, including the Bonds, will be \$30,160,000. The District has not defaulted in the payment of the principal or interest on the Previously Issued Bonds.

Paying Agent/Registrar

Pursuant to the Bond Resolution, the initial paying agent/registrar with respect to the Bonds is The Bank of New York Mellon Trust Company, N.A., in Houston, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, any outstanding bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Resolution to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Issuance of Additional Debt

The District's voters have authorized the issuance of \$48,180,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and refunding such bonds, \$3,000,000 principal amount of unlimited tax bonds for purchasing or constructing park and recreational facilities and refunding such bonds, and could authorize additional amounts. After the issuance of the Bonds, \$33,070,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities and for refunding such bonds, and \$2,020,000 principal amount of the unlimited tax bonds authorized for park and recreational facilities and for refunding such bonds will remain authorized but unissued. The Bond Resolution 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. See "INVESTMENT CONSIDERATIONS—Future Debt."

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

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. Under existing State law, the outstanding principal amount of park bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. The Board has approved a park plan and, at an election held on May 9, 2009, voters of the District authorized the issuance of \$3,000,000 in unlimited tax bonds for the purpose of purchasing or constructing parks and recreational facilities and refunding such bonds, \$2,020,000 principal amount of which remains authorized but unissued.

Annexation by the City of Houston

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

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

Alteration of Boundaries

In certain circumstances under State law, the District may alter its boundaries to, upon satisfying certain conditions to deannex and then annex additional territory. No representation is made concerning the likelihood that the District would affect any further change in its boundaries.

Consolidation

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

Remedies in Event of Default

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law.

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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 Edminister, Hinshaw, Russ & Associates, Inc., the District's engineer (the "Engineer"), and were submitted to the TCEQ in the District's Bond application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

CONSTRUCTION COSTS

Waterline System Rehabilitation.....	\$ 2,800,000
Sanitary Sewer Rehabilitation.....	2,610,000
Contingency.....	541,000
Engineering Fees.....	<u>892,650</u>

Total Construction Costs..... \$ 6,843,650

NON-CONSTRUCTION COSTS

Underwriter's Discount (a).....	<u>\$ 222,106</u>
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Total Non-Construction Costs..... \$ 222,106

ISSUANCE COSTS AND FEES

Issuance Costs and Professional Fees.....	\$ 356,975
Bond Application Report Costs.....	48,125
State Regulatory Fees.....	26,250
Contingency (a).....	<u>2,894</u>

Total Issuance Costs and Fees..... \$ 434,244

TOTAL BOND ISSUE REQUIREMENT \$ 7,500,000

(a) The TCEQ approved a maximum Underwriter's Discount of 3.00%. Contingency represents the difference in the estimated and actual amount of Underwriter's Discount.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved under the rules of the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The District cannot and does not guarantee the sufficiency of such funds for such purpose.

THE DISTRICT

General

The District was created by order of the TCEQ in 1972 and confirmed pursuant to an election held within the District on October 7, 1972 by a vote of four (4) “For” to none (0) “Against” and operates under Chapters 49 and 54, Texas Water Code.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Under certain limited circumstances the District also is authorized to construct roads. In addition, the District is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

The District is also authorized by statute to pay for the development and maintenance of parks and recreational facilities (excluding swimming pools and golf courses) and may issue bonds payable from taxes for such purposes if approved by the voters within the District. The Board called an election for such purposes on May 9, 2009, and the District's voters authorized \$3,000,000 bonds for recreational facilities. Issuance of additional bonds for parks and recreational facilities may increase gross debt/property ratios and might adversely affect the investment quality of the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

The TCEQ exercises continuing supervisory jurisdiction over the District. In addition, in order to obtain the consent of the City of Houston, within whose extraterritorial jurisdiction the District lies, for the creation of the District, the District has agreed to observe certain City of Houston requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities and recreational facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of Houston of the District's construction plans and specifications.

Location

The District contains approximately 563 acres of land. The District is located entirely within Harris County, Texas, approximately 22 miles north of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, approximately 5 miles east of Interstate Highway 45, and approximately 2 miles northeast of the intersection of FM 1960 and Aldine-Westfield Road. See “AERIAL LOCATION MAP.”

Land Use

The table below represents a detailed breakdown of the current acreage and development in the District.

<i><u>Single-Family Residential</u></i>	Approximate	
	<u>Acre</u> s	<u>Lots/Units</u>
Biramwood Section 2.....	58	236
Biramwood Section 3.....	89	371
Biramwood Section 4.....	52	238
Biramwood Section 5.....	93	439
Villages of Spring Oaks Section 1.....	22	104
Villages of Spring Oaks Section 2.....	29	141
Villages of Spring Oaks Section 3.....	29	123
Villages of Spring Oaks Section 4.....	18	80
Cypresswood Landing Section 1.....	36	290
Cypresswood Landing Section 3.....	32	259
Total Single-Family Residential.....	457	2,281
Undeveloped but Developable (a).....	50	-
Non-developable (b).....	56	-
Totals.....	563	2,281

(a) Includes approximately 37 acres owned by a tax-exempt entity that currently uses the property as a therapeutic equestrian center and approximately 13 acres owned by multiple parties.

(b) Includes easements, rights-of-way, drainage/detention facilities, District water plant and lift station sites.

Status of Development

As of June 25, 2026, the District contained a total of 2,281 single-family homes (2,262 occupied). The development of an aggregate of 2,281 single-family residential lots (approximately 457 acres) is complete within the District, including the construction of underground water distribution, wastewater collection, and storm sewer facilities and street paving as follows: Birnamwood, Sections 2 through 5 (approximately 291 acres subdivided into 1,284 single-family residential lots); Villages of Spring Oaks, Section 1 (approximately 22 acres subdivided into 104 single-family residential lots); Villages of Spring Oaks, Section 2 (approximately 29 acres subdivided into 141 single-family residential lots); Villages of Spring Oaks, Section 3 (approximately 29 acres subdivided into 123 single-family residential lots); Villages of Spring Oaks, Section 4 (approximately 18 acres subdivided into 80 single-family residential lots); Cypresswood Landing Section 1 (approximately 36 acres subdivided into 290 single-family residential lots); and Cypresswood Landing Section 3 (approximately 32 acres subdivided into 259 lots). There are approximately 50 acres of land located in the District that are available for future development. Approximately 37 acres of such undeveloped acres of land located in the District are owned by a tax-exempt entity that currently uses the property as a therapeutic equestrian center. The remaining approximately 13 undeveloped acres of land are owned by multiple parties. None of the owners of any such approximately 13 acres that are available for future development has reported any definitive plan to the District for the construction of above-ground improvements on the tract that it owns, and no such owner has any obligation to the District to undertake the construction of any future aboveground improvements thereon. Therefore, the District cannot predict whether development of such approximately 13 currently undeveloped acres will be undertaken, or if any use of such approximately 37 additional currently undeveloped acres might be undertaken in the future that might subject such property to taxation by the District. The remaining approximately 36 acres located within the District are contained within easements, rights-of-way, drainage/detention facilities, District water plant and lift station sites, or are otherwise not available for future development. See “—Future Development” herein.

Future Development

The instigation of any new development beyond that described in this OFFICIAL STATEMENT will be dependent on several factors including, to a great extent, the general and overall economic conditions which would affect any party's ability to sell lots and/or other property and of any home builder to sell completed homes as described in this OFFICIAL STATEMENT under the caption “INVESTMENT CONSIDERATIONS.” If the undeveloped portion of the District is eventually developed, additions to the District's water, wastewater, and drainage systems required to service such undeveloped acreage may be financed by future issues, if any, of the District's bonds and developer contributions, if any, as required by the TCEQ. A developer is under no obligation to complete any development, if begun, and may modify or discontinue development plans in their sole discretion. Accordingly, the District makes no representation that future development will occur.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections are held in November in even numbered years only. Four of the Board members reside within the District and one Board member owns land subject to taxation within the District. Directors have staggered four-year terms. The current members and officers of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Matt Fagerburg	President	November 2026
Kathleen Harrison	Vice President	November 2028
Connie Magee	Secretary	November 2028
Patti Yazell	Assistant Secretary	November 2028
Bob Frost	Director	November 2026

District Consultants

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

Bond Counsel/Attorney: The District has engaged Hunton Andrews Kurth LLP as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on time charges actually incurred.

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.

Disclosure Counsel: The District has engaged Hunton Andrews Kurth LLP, Houston, Texas as Disclosure Counsel. The fees paid to Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the District as of December 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 audited financial statements for the year ended December 31, 2025.

Engineer: The District's consulting engineer is Edminster, Hinshaw, Russ & Associates, Inc.

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. Assessments of the Southwest, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

Bookkeeper: The District has contracted with Protocol Bookkeeping, Inc. (the "Bookkeeper") for bookkeeping services.

Utility System Operator: The operator of the District's water and wastewater system is TNG Utilities Corp.

THE SYSTEM

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment and storm drainage facilities (collectively, the "System") have been designed in accordance with the criteria of various regulatory agencies including the City of Houston, Harris County, and the TCEQ. The construction and installation of the facilities must be made in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The total number of equivalent single-family connections ("ESFC") projected for the District at the full development of its approximately 563.03 acres is approximately 2,281 with a total estimated population of approximately 7,917 people. See "THE DISTRICT—Land Use" and "—Status of Development" for a description of the development located within the District. The descriptions which follow are based upon information supplied by the District's Engineer.

Water Supply

The District's water supply facilities include one water well with a capacity of approximately 1,038 gallons-per-minute ("gpm"), one 420,000 gallon ground storage tank, 30,000 gallons of pressure tank capacity, and booster pumps with a total capacity of 2,000 gpm. Water Plant No. 2 includes one well with a capacity of 1,500 gpm, 2-120,000 gpm ground storage tanks, and 4-1,000 gpm booster pumps. Based on TCEQ criteria, these facilities can serve approximately 2,612 ESFCs, including the 2,281 single-family residential lots which have been developed in the District to date. The District has an emergency interconnect agreement with Harris County Water Control and Improvement District No. 136 and Harris County Municipal Utility District No. 82. The systems are connected at four locations.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the North Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

The Authority, among other powers, has the power to (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, and charges as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and a fee per 1,000 gallons of surface water received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

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

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to continue passing such fees through to its 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 which could require the issuance of additional bonds by the District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

In the event the Authority fails to reduce groundwater withdrawal to the levels specified by and deadline set by the Subsidence District then the District and others within the Authority's GRP group will be required to pay a disincentive fee on withdrawn groundwater. This fee is expected to be substantial, and the District expects it would need to pass such fee through to its customers as described above. This fee would be in addition to the Authority's fee.

Wastewater Treatment

Wastewater from the District is treated by the Treschwig Regional Wastewater Treatment Plant which is operated by the Treschwig Joint Powers Board. The 2.0 million gallons per day (mgd) plant serves five utility districts and the Aldine Independent School District. Pursuant to an April 30, 1991, agreement among the six entities, the District owns 515,000 gallons-per-day of the capacity in the plant. The District's current capacity in the plant is adequate to serve approximately 2,476 ESFCs, including the 2,281 single-family residential lots which have been developed in the District to date.

Stormwater Drainage

Stormwater drainage for the District is provided by an internal network of underground lines and detention ponds which discharge into Wild Cow Gulch, which then flows into Cypress Creek.

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 and other improvements must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes and other improvements built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards.

According to FEMA Flood Insurance Rate Map Nos. 48201C0290N dated June 9, 2014, approximately 20 acres lies within the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Extreme Weather."

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 on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Water and Wastewater Operations

Rate and Fee Schedule – Table 1

The Board of Directors establishes rates and fees for water and sewer service, subject to change from time to time. The following schedule sets forth the monthly rates and fees for the District's water and sewer service, which have been in effect since June 26, 2025.

Rate and Fee Schedule

Water (monthly billings)(a)

Residential (Single-Family)

Prior to initial occupancy (builders)

First 1,000 gallons	\$ 6.50 (minimum)
All over 1,000 gallons	\$ 0.75 per 1,000 gallons

After initial occupancy

First 1,000 gallons	\$ 9.50 (minimum)
6,001 to 8,000 gallons	\$ 1.50 per 1,000 gallons
8,001 to 10,000 gallons	\$ 1.75 per 1,000 gallons
10,001 to 12,000 gallons	\$ 2.00 per 1,000 gallons
12,001 to 15,000 gallons	\$ 2.25 per 1,000 gallons
15,001 to 20,000 gallons	\$ 2.50 per 1,000 gallons
All over 20,000 gallons	\$ 2.75 per 1,000 gallons

Multi-Family, Commercial, and Non-Taxable

Minimum rate applicable to Single-Family Residential Users times then number of apartment units, with usage in excess of 4,000 gallons per unit per month charged at same rate as single-family residential rate.

Sewer (monthly billings)

Single-Family Residential	\$ 44.00
Multi-Family	\$ 27.10 per unit
Civic Associations	\$ 31.18

Tap Fees

All Users Other than Non-Taxable Users

5/8" or 3/4"	\$ 758.00
Larger than 3/4"	Three (3) times the actual cost Actual cost plus pro-rata share of bond financed facilities

Non-Taxable Users

Inspection Fees

Single-Family	\$ 125.00
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- (a) All users charged an additional pro-rata amount based on North Harris County Regional Water Authority's cost to the District plus an additional fifteen percent (15%).

Operating Revenues And Expenses Statement – Table 2

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the fiscal years ended December 31, 2021 through 2025. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to such statements, including "APPENDIX A," for further and complete information.

	<u>Fiscal Year Ended December 31</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Revenues:</i>					
Property Taxes	\$ 995,872	\$ 1,020,643	\$ 843,513	\$ 615,374	\$ 580,853
Water Service	380,272	414,973	412,482	417,379	364,431
Sewer Service	1,066,184	1,027,798	1,006,741	956,240	831,945
Regional Water Fee	539,137	711,129	773,183	666,142	530,853
Penalty and Interest	63,763	133,034	122,027	45,268	37,627
Tap Connection and Inspection Fees	-	-	1,975	504,135	582,675
Investment Income	68,573	85,778	76,768	26,625	598
Other Income	1,358	6,357	22,467	63,157	45,049
Total Revenues	<u>\$ 3,115,159</u>	<u>\$ 3,399,712</u>	<u>\$ 3,259,156</u>	<u>\$ 3,294,321</u>	<u>\$ 2,974,031</u>
<i>Expenditures:</i>					
Purchased Services	\$ 230,512	\$ 371,151	\$ 442,375	\$ 259,311	\$ 229,098
Regional Water Fee	405,452	476,762	587,601	714,771	572,264
Professional Fees	245,582	197,269	156,527	156,836	122,600
Contracted Services	1,153,858	1,151,268	1,087,667	958,410	691,314
Utilities	161,861	159,630	146,368	92,626	45,976
Repairs and Maintenance	739,179	747,525	684,648	473,632	222,106
Other Expenditures	192,433	174,075	289,823	140,210	123,139
Tap Connections	40,733	-	2,680	336,912	392,225
Capital Outlay	750,211	22,945	6,915	56,690	257,236
Total Expenditures	<u>\$ 3,919,821</u>	<u>\$ 3,300,625</u>	<u>\$ 3,404,604</u>	<u>\$ 3,189,398</u>	<u>\$ 2,655,958</u>
<i>NET REVENUES</i>	<u>\$ (804,662)</u>	<u>\$ 99,087</u>	<u>\$ (145,448)</u>	<u>\$ 104,923</u>	<u>\$ 318,073</u>
<i>Other Financing Sources (Uses)</i>					
Interfund Transfers Out	\$ (18,027)	\$ -	\$ -	\$ -	\$ -
Insurance Proceeds	28,393	-	-	-	-
<i>Total Other Financing Sources</i>	<u>\$ 10,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>General Operating Fund Balance (Beginning of Year)</i>	<u>\$ 1,518,403</u>	<u>\$ 1,419,316</u>	<u>\$ 1,564,764</u>	<u>\$ 1,459,841</u>	<u>\$ 1,141,768</u>
<i>General Operating Fund Balance (End of Year)</i>	<u><u>\$ 724,107</u></u>	<u><u>\$ 1,518,403</u></u>	<u><u>\$ 1,419,316</u></u>	<u><u>\$ 1,564,764</u></u>	<u><u>\$ 1,459,841</u></u>
<i>Total Active Retail Water Connections</i>	2,286	2,285	2,212	2,196	1,887
<i>Total Active Retail Wastewater Connections</i>	2,282	2,281	2,201	2,185	1,876

Projected Debt Service Requirements Schedule – Table 3

The following sets forth the debt service requirements on the Outstanding Bonds (see “Outstanding Bonds” in this section) and the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Year	Outstanding Bonds Debt Service Requirements	The Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	\$ 992,353.13 (a)				\$ 992,353.13
2027	1,504,056.25	\$ 85,000	\$ 338,143.33	\$ 423,143.33	1,927,199.58
2028	1,512,281.25	135,000	327,500.00	462,500.00	1,974,781.25
2029	1,514,193.75	140,000	319,400.00	459,400.00	1,973,593.75
2030	1,525,206.25	135,000	311,000.00	446,000.00	1,971,206.25
2031	1,459,781.25	205,000	302,900.00	507,900.00	1,967,681.25
2032	1,458,418.75	220,000	290,600.00	510,600.00	1,969,018.75
2033	1,465,818.75	220,000	277,400.00	497,400.00	1,963,218.75
2034	1,465,518.75	230,000	264,200.00	494,200.00	1,959,718.75
2035	1,473,768.75	230,000	255,862.50	485,862.50	1,959,631.25
2036	1,475,131.25	240,000	247,525.00	487,525.00	1,962,656.25
2037	1,479,737.50	250,000	238,825.00	488,825.00	1,968,562.50
2038	1,482,387.50	255,000	229,450.00	484,450.00	1,966,837.50
2039	1,488,512.50	260,000	219,887.50	479,887.50	1,968,400.00
2040	1,487,862.50	275,000	209,812.50	484,812.50	1,972,675.00
2041	1,495,687.50	280,000	198,812.50	478,812.50	1,974,500.00
2042	1,501,487.50	285,000	187,262.50	472,262.50	1,973,750.00
2043	1,505,337.50	295,000	175,506.25	470,506.25	1,975,843.75
2044	1,512,162.50	300,000	163,337.50	463,337.50	1,975,500.00
2045	1,516,193.75	310,000	150,587.50	460,587.50	1,976,781.25
2046	1,518,000.00	320,000	137,412.50	457,412.50	1,975,412.50
2047	1,522,512.50	330,000	123,812.50	453,812.50	1,976,325.00
2048	1,529,618.75	340,000	109,375.00	449,375.00	1,978,993.75
2049	959,000.00	395,000	94,500.00	489,500.00	1,448,500.00
2050	961,500.00	415,000	77,218.75	492,218.75	1,453,718.75
2051	967,000.00	430,000	59,062.50	489,062.50	1,456,062.50
2052	970,250.00	450,000	40,250.00	490,250.00	1,460,500.00
2053	971,250.00	470,000	20,562.50	490,562.50	1,461,812.50
Total	\$ 38,715,028.13	\$ 7,500,000	\$ 5,370,205.83	\$ 12,870,205.83	\$ 51,585,233.96

(a) Excludes the debt service payment on March 1, 2026 in the approximate amount of \$502,353.

Average Annual Debt Service Requirements (2027-2053)..... \$1,873,810
Maximum Annual Debt Service Requirement (2048)..... \$1,978,994

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

Assessed Value – Table 4

2025 Certified Taxable Assessed Valuation (a)	<u>\$ 476,634,201</u>
2026 Preliminary Taxable Assessed Valuation (b)	<u>\$ 497,9673,416</u>
Gross Debt Outstanding (c)	<u>\$30,160,000</u>
Ratio of Gross Debt to 2025 Certified Taxable Assessed Valuation	<u>6.33%</u>
Ratio of Gross Debt to 2026 Preliminary Taxable Assessed Valuation	<u>6.06%</u>
Tax Rate	
	Debt Service Tax <u>\$0.31500</u>
	Maintenance Tax <u>0.23044</u>
	Total Tax Rate <u>\$0.54544</u>
Debt Service Fund Balance (as of June 9, 2026)	<u>\$1,701,809</u>

Area of District: 563.03 acres
Estimated District Population: 7,917

- (a) As certified by the Appraisal District. See “TAXING PROCEDURES.”
 (b) Provided by the Appraisal District as a preliminary indication of the 2026 taxable value as of January 1, 2026. Such value is subject to property owner protest, Appraisal District review and downward revision prior to certification. Such amount includes the 2026 preliminary real property value in the amount of \$490,010,708 and the 2025 certified personal property value in the District in the amount of \$7,962,708. No tax will be levied upon such amount until it is certified by the Appraisal District. See “TAXING PROCEDURES.”
 (c) The Outstanding Bonds and the Bonds. See “—Outstanding Bonds” herein.

Unlimited Tax Bonds Authorized but Unissued – Table 5

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Unissued
2002	Water & Sewer	\$ 3,700,000	\$ 3,700,000	\$ -
2004	Water & Sewer	\$ 14,000,000	\$ 14,000,000	\$ -
2009	Recreation	\$ 3,000,000	\$ 980,000	\$ 2,020,000
2023	Water & Sewer	\$ 48,180,000	\$ 15,110,000 (a)	\$ 33,070,000
	Total	\$ 68,880,000	\$ 33,790,000	\$ 35,090,000

- (a) Includes the Bonds.

Outstanding Bonds – Table 6

Series	Original Principal Amount	Outstanding Bonds (as of 6/1/2026)
2012	\$ 2,580,000	\$ 1,475,000
2019	7,445,000	7,355,000
2023	14,315,000	13,830,000
Total	\$ 24,340,000	\$ 22,660,000

Cash and Investment Balances – Table 7 (Unaudited)

As of June 9, 2026

General Fund	\$1,273,795
Debt Service Fund	\$1,701,809
Capital Projects Fund	\$3,329,754

Investment Authority and Investment Practices of the District

Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) 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; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (“FDIC”) or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the “PFIA”) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (10) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that complies with Securities and Exchange Commission Rule 2a-7; (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; and (14) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than “AAA”, “AAA-m” or at an equivalent rating by at least one nationally recognized rating service. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund, groups methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District, (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial statement audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments – Table 8 (Unaudited)

	Investment Value as of May 31, 2026
TexPool	\$ 3,223,406
Stellar Bank	\$ 3,159,824
Veritex Bank	\$ 245,000
Total Investments	\$ 6,628,230

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	Amount
Harris County.....	\$ 2,473,177,553	5/31/2026	0.07%	\$ 1,731,224
Harris County Flood Control District.....	937,165,000	5/31/2026	0.07%	656,016
Harris County Hospital District.....	861,580,000	5/31/2026	0.07%	603,106
Harris County Department of Education.....	28,960,000	5/31/2026	0.07%	20,272
Port of Houston Authority.....	386,074,397	5/31/2026	0.07%	270,252
Lone Star College System.....	342,055,000	5/31/2026	0.13%	444,672
Spring Independent School District.....	1,300,200,000	5/31/2026	2.52%	32,765,040
Total Estimated Overlapping Debt.....				\$ 36,490,581
The District.....	\$ 30,160,000	(a)	100.00%	30,160,000
Total Direct and Estimated Overlapping Debt.....				\$ 66,650,581

Direct and Estimated Overlapping Debt as a Percentage of:

2025 Certified Taxable Assessed Valuation of \$476,634,201	13.98%
2026 Preliminary Taxable Assessed Valuation of \$497,973,416	13.38%

(a) Includes the Outstanding Bonds and 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 (see "Estimated Overlapping Debt" above), 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.

Set forth below are all of the taxes levied for the 2025 tax year by all taxing jurisdictions overlapping the District and the District. 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.

	2025 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Harris County (a).....	\$ 0.628928
Lone Star College System.....	0.106000
Spring ISD.....	1.136900
Harris County ESD No. 7.....	0.100000
Harris County ESD No. 11.....	<u>0.038078</u>
Total Overlapping Tax Rate.....	\$ 2.009906
The District (b).....	<u>\$ 0.545440</u>
Total Tax Rate.....	\$ 2.555346

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

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds that remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See “Historical Tax Rate Distribution” below.

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 conducted August 10, 1991, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$0.25 per \$100 of taxable assessed valuation. 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” and “Historical Tax Rate Distribution” herein.

Exemptions

For tax year 2026, the District has granted a \$40,000 homestead exemption for individuals disabled and/or 65 years of age or older.

Additional Penalties

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

Classification of Assessed Valuation – Table 9

The following represents the composition of property comprising the 2021 through 2025 Certified Taxable Assessed Valuations.

Tax Year	Type of Property			Gross Assessed Valuations	Deferments and Exemptions (a)	Net Assessed Valuations
	Land	Improvements	Personal Property			
2021	\$ 34,640,118	\$ 229,085,582	\$ 2,323,196	\$ 266,048,896	\$ (12,307,621)	\$ 253,741,275
2022	64,902,488	302,650,472	2,986,072	370,539,032	(13,624,747)	356,914,285
2023	93,890,871	376,476,189	4,740,822	475,107,882	(14,446,004)	460,661,878
2024	93,682,953	391,640,109	5,143,509	490,466,571	(14,515,056)	475,951,515
2025	100,763,761	399,176,869	7,962,708	507,903,338	(31,269,137)	476,634,201

Historical Tax Collections – Table 10

Tax Year	Certified Taxable		Tax Rate	Total Tax Levy	Total Collections as of May 31, 2026 (b)	
	Assessed Valuation (a)				Amount	Percent
2021	\$ 253,741,275		\$ 0.47000	\$ 1,192,584	\$ 1,188,590	99.67%
2022	356,914,285		0.43950	1,568,638	1,560,360	99.47%
2023	460,661,878		0.55828	2,571,783	2,547,497	99.06%
2024	475,951,515		0.54544	2,596,030	2,560,096	98.62%
2025	476,634,201		0.54544	2,599,754	2,511,533	96.61%

(a) As certified by the Appraisal District. See “Tax Roll Information” below.

(b) Unaudited.

District Tax Rates – Table 11

	2025	2024	2023	2022	2021
Debt Service	\$0.31500	\$0.33550	\$0.33550	\$0.20000	\$0.22500
Maintenance and Operations	0.23044	0.20994	0.22278	0.23950	0.24500
Total	\$0.54544	\$0.54544	\$0.55828	\$0.43950	\$0.47000

Principal Taxpayers – Table 12

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed valuation as a percentage of the 2025 Certified Taxable Assessed Valuation of \$476,634,201. This represents ownership as of January 1, 2025. An accurate principal taxpayer list related to the 2026 Preliminary Taxable Assessed Valuation of \$497,973,416, which is subject to review and downward revision prior to certification, is not available.

Taxpayer	2025 Certified Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
CAMILLO ML 2022 DD SFR LLC	\$ 25,232,976	5.29%
CAMILLO ML 2021 SFR LLC	23,155,738	4.86%
CYPRESSWOOD LANDING INTERESTS LTD	5,000,240	1.05%
TRICON SFR 2020 2 BORROWER LLC	3,008,929	0.63%
CENTERPOINT ENERGY HOU ELE	2,886,940	0.61%
PROGRESS RESIDENTIAL BORROWER 5 LLC	1,813,311	0.38%
CENTERPOINT ENERGY ENTEX	1,677,840	0.35%
FKH SFR PROPCO B HLD LP	1,608,645	0.34%
SRP SUB LLC	1,125,161	0.24%
RICKYS RENTALS LLC	919,521	0.19%
Total	\$ 66,429,301	13.94%

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2025 Certified Taxable Assessed Valuation of \$476,634,201, or the 2026 Preliminary Taxable Assessed Valuation of \$497,973,416, which is subject to review and downward revision prior to certification. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2027-2053)	\$1,873,810
\$0.42 Tax Rate on 2025 Certified Taxable Assessed Valuation	\$1,901,770
\$0.40 Tax Rate on 2026 Preliminary Taxable Assessed Valuation	\$1,892,299
Maximum Annual Debt Service Requirement (2048).....	\$1,978,994
\$0.44 Tax Rate on 2025 Certified Taxable Assessed Valuation.....	\$1,992,331
\$0.42 Tax Rate on 2026 Preliminary Taxable Assessed Valuation	\$1,986,914

No representation or suggestion is made that the 2026 Preliminary Taxable Assessed Valuation, which is subject to review and downward revision prior to certification, provided by the Appraisal District for the District, will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. For tax year 2026, the District granted a \$40,000 homestead exemption for individuals disabled and/or 65 years of age or older. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran’s residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran’s residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran’s exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See “TAX DATA.”

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

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

Tax Abatement

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

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land’s capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant’s right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

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

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Tax Payment Installments After Disaster

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

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District is designated as a "Developed District" for the 2026 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District’s bonded debt, or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See “THE BONDS—Source of 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 taxable property within the District will maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See “Registered Owners’ Remedies and Bankruptcy Limitations” herein.

Undeveloped Acreage

There is no commitment from, or obligation of or any future developer or landowner to develop the remaining undeveloped land, and there is no restriction on a landowner’s right to sell its land. Failure to construct taxable improvements on developed land and failure of a landowner to develop its land may restrict the rate of growth of taxable value in the District. The District is also dependent upon the taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the taxpayer will be or what effect, if any, such financial conditions may have on the taxpayers’ ability to pay taxes. See “THE DISTRICT—Land Use” and “—Status of Development.”

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value from single-family residences. The market value of such properties is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for residential dwellings and the construction of residential dwellings on developable land can be significantly affected by factors such as interest rates, credit availability (see “Credit Markets and Liquidity in the Financial Markets” below), construction costs, energy availability, energy prices and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties 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.

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 property owners to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 22 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of the District’s taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or a decline in the nation’s real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of or reduce the District’s property tax base.

Landowner Obligation to the District

Approximately 13 undeveloped acres of land within the District that are available for future development are owned by multiple parties. None of the owners of any of such approximately 13 acres that are available for future development has reported any definitive plan to the District for the construction of above-ground improvements on the tract that it owns, and no such owner has any obligation to the District to undertake the construction of any future above-ground improvements thereon. Therefore, the District cannot predict whether development of such approximately 13 currently undeveloped acres will be undertaken. Approximately 37 additional currently undeveloped acres located within the District available for future development are owned by a tax-exempt entity that currently uses the property as a therapeutic equestrian center. The District cannot predict whether the development of the aforementioned approximately 37 undeveloped acres of land will be undertaken, or if any use of such approximately 37 additional currently undeveloped acres might be undertaken in the future that might subject such property to taxation by the District. Therefore, the District cannot represent when, or whether, any development activity other than that completed or commenced in the District to date will be undertaken. Moreover, there is no commitment by or legal requirement of any builder, including the Builder described in this OFFICIAL STATEMENT. See “THE DISTRICT—Status of Development.”

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2025 Certified Taxable Assessed Valuation is \$476,634,201. After issuance of the Bonds, the maximum annual debt service requirement will be \$1,978,994 (2048), and the average annual debt service requirement will be \$1,873,810 (2027-2053 inclusive). Assuming no increase or decrease from the 2025 Certified Taxable Assessed Valuation of \$476,634,201, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.44 and \$0.42 and per \$100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. The 2026 Preliminary Taxable Assessed Valuation, is \$497,973,416, which is subject to review and downward revision prior to certification, which reduces the above calculations to \$0.42 and \$0.40 per \$100 of taxable assessed valuation, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2026 Preliminary Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements” and “TAX DATA—Tax Adequacy for Debt Service.”

No representation or suggestion is made that the 2026 Preliminary Taxable Assessed Valuation, which is subject to review and downward revision prior to certification, provided by the Appraisal District for the District, will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See “TAXING PROCEDURES.”

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather

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 in the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

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

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

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.

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 931-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District's voters have authorized the issuance of \$48,180,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and refunding such bonds, and \$3,000,000 principal amount of unlimited tax bonds for purchasing or constructing park and recreational facilities and refunding such bonds, and could authorize additional amounts. After the issuance of the Bonds, \$33,070,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities and for refunding such bonds, and \$2,020,000 principal amount of the unlimited tax bonds authorized for park and recreational facilities and for refunding such bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

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. Further, the principal amount of unlimited tax bonds issued by the District for constructing and/or acquiring park and recreational facilities may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities and park and recreational facilities, but not road facilities, must be approved by the TCEQ.

In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS— Issuance of Additional Debt."

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

Marketability of the Bonds

The District has no understanding with the 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.

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations. See “APPENDIX B—Form of Bond Counsel Opinion.”

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Hunton Andrews Kurth LLP, Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the District to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions", 63 Bus. Law. 1277 (2008) and "Legal Opinion Principles", 53 Bus. Law. 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals – Bond Counsel's opinion states that under current law interest on the Bonds is not an item of preference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the Bonds is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021 that exceeds \$1 billion.

Other Tax Matters

The Bonds will be designated as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this OFFICIAL STATEMENT purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the “Discount Bonds”). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder’s basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder’s adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder’s basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder’s basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) has assigned a municipal bond rating of “AA” (stable outlook) with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company (“BAM” or the “Insurer”). S&P has also assigned an underlying rating of “A-” to the Bonds. An explanation of the ratings may be obtained from S&P. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND INSURANCE” and “APPENDIX C—Specimen Municipal Bond Insurance Policy.”

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$493.3 million, \$277.6 million and \$215.7 million, respectively.

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

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

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

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

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

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

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this 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" has been provided Assessments of the Southwest, Inc. and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Edminister, Hinshaw, Russ & Associates, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of December 31, 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 December 31, 2025, financial statements.

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 as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this 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 Board has relied in part upon its examination of records of the District, and upon 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 Resolution, the District has 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"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this OFFICIAL STATEMENT under Tables 1 through 12 and APPENDIX A, if such audited financial statements as provided in APPENDIX A are then available. The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information to the MSRB.

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 "Rule"). The updated information will include audited financial statements, if it is completed by the required time. If audited financial statements are not available within twelve months after any such fiscal year end, the District will file unaudited financial statements within such twelve-month period and file audited financial statements when the audit report becomes available.

Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A 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 December 31. Accordingly, it must provide updated information by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material 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 “obligated person” and “financial obligation” shall have the meanings ascribed to them under (SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meanings ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects; nor has the District agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with its prior continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

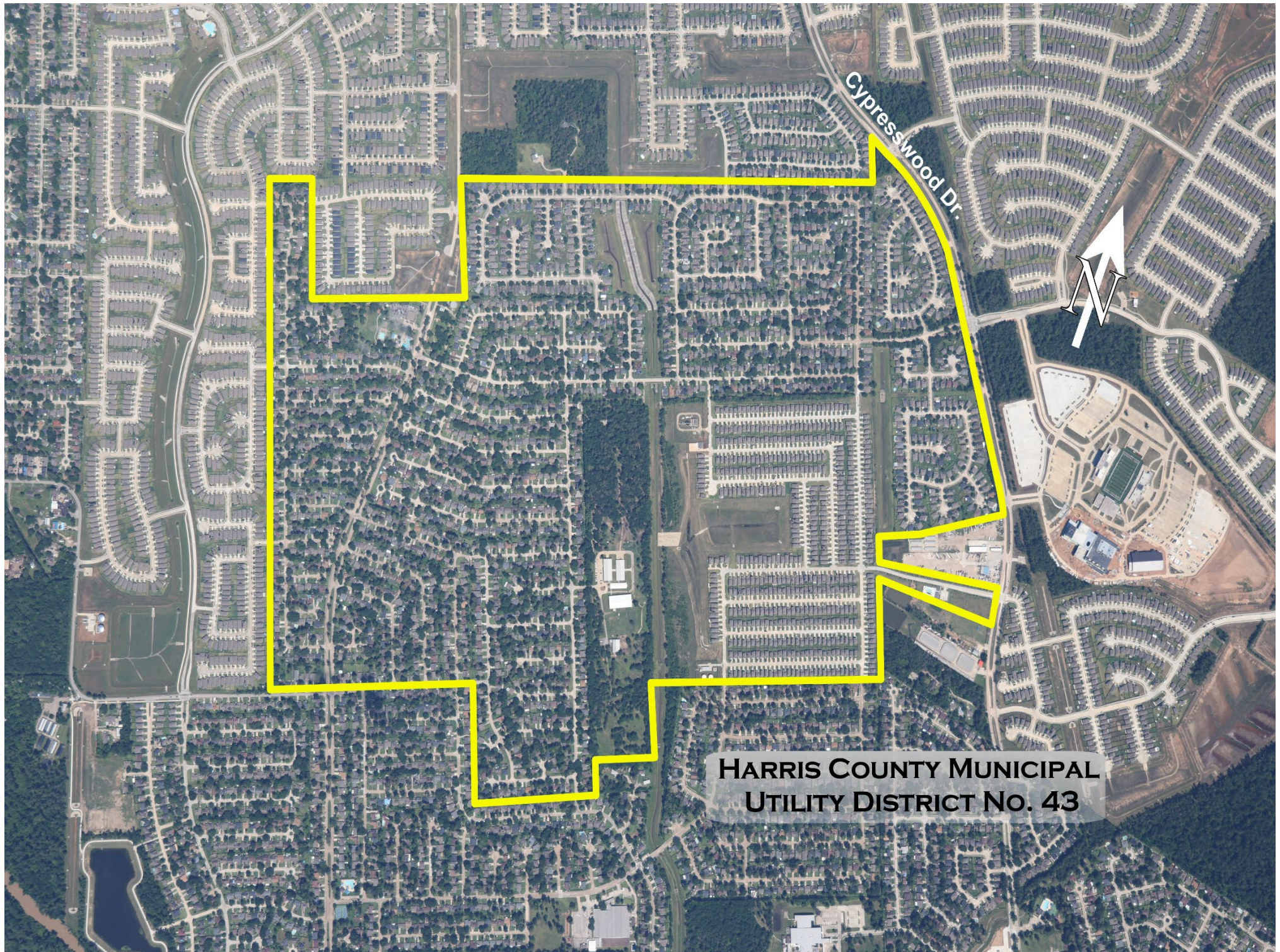
All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this OFFICIAL STATEMENT involving matters of opinion or estimates, whether or not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

/s/ Kathleen Harrison
Vice President, Board of Directors

ATTEST:

/s/ Patti Yazell
Assistant Secretary, Board of Directors

AERIAL LOCATION MAP
(As of June 2026)



**HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT No. 43**

PHOTOGRAPHS OF THE DISTRICT
(As of June 2026)













APPENDIX A

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



Harris County Municipal Utility District No. 43, of Harris County, Texas

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

December 31, 2025



**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Contents
December 31, 2025**

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet	8
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	10
Notes to Financial Statements	11
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	22
Notes to Required Supplementary Information	23
Supplementary Information	
Other Schedules Included Within This Report	24
Schedule of Services and Rates	25
Schedule of General Fund Expenditures	26
Schedule of Temporary Investments	27
Analysis of Taxes Levied and Receivable	28
Schedules of Long-Term Debt Service Requirements by Years	30
Changes in Long-Term Bonded Debt	34
Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years	35
Board Members, Key Personnel, and Consultants	37

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 43,
of Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 43, of Harris County, Texas (District), as of and for the year ended December 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 and each major fund of the District, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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
June 26, 2026

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Management's Discussion and Analysis
Year Ended December 31, 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).

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Management's Discussion and Analysis
Year Ended December 31, 2025**

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 8,986,255	\$ 9,758,947
Capital assets	<u>17,500,136</u>	<u>17,092,843</u>
Total assets	<u><u>\$ 26,486,391</u></u>	<u><u>\$ 26,851,790</u></u>
Long-term liabilities	\$ 22,322,014	\$ 22,770,896
Other liabilities	<u>1,046,277</u>	<u>1,009,979</u>
Total liabilities	<u>23,368,291</u>	<u>23,780,875</u>
Deferred inflows of resources	<u>2,601,706</u>	<u>2,592,660</u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Management's Discussion and Analysis
Year Ended December 31, 2025**

Summary of Net Position (Continued)

	<u>2025</u>	<u>2024</u>
Net position		
Net investment in capital assets	\$ (248,650)	\$ (772,261)
Restricted	2,282,882	2,006,115
Unrestricted	<u>(1,517,838)</u>	<u>(755,599)</u>
Total net position	<u>\$ 516,394</u>	<u>\$ 478,255</u>

The total net position of the District increased by \$38,139, or approximately 8%. The majority of the increase in net position is related to property tax and service revenues in excess of service and debt service expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes	\$ 2,594,247	\$ 2,568,195
Charges for services	1,985,593	2,153,900
Other revenues	<u>324,168</u>	<u>421,442</u>
Total revenues	<u>4,904,008</u>	<u>5,143,537</u>
Expenses		
Services	3,263,993	3,363,953
Depreciation	573,569	577,825
Debt service	<u>1,028,307</u>	<u>1,051,083</u>
Total expenses	<u>4,865,869</u>	<u>4,992,861</u>
Change in net position	38,139	150,676
Net position, beginning of year	<u>478,255</u>	<u>327,579</u>
Net position, end of year	<u>\$ 516,394</u>	<u>\$ 478,255</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2025 were \$5,546,345, a decrease of \$840,031 from the prior year.

The general fund's fund balance decreased by \$794,296 primarily due to operating and capital outlay expenditures exceeding property taxes and operating revenues.

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Management's Discussion and Analysis
Year Ended December 31, 2025**

The debt service fund's fund balance increased by \$120,730 due to property tax revenues exceeding bond principal and interest requirements.

The capital projects fund's fund balance decreased by \$166,465 due to capital outlay expenditures exceeding investment income.

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 sewer service revenues and repairs and maintenance expenditures and capital outlay expenditures being greater than anticipated and water service revenues, regional water fee revenues and expenditures and purchased services expenditures being less than anticipated. The fund balance as of December 31, 2025 was expected to be \$1,518,403, and the actual end-of-year fund balance was \$724,107.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 4,601,649	\$ 4,601,649
Construction in progress	974,078	78,817
Water facilities	5,527,290	5,701,107
Wastewater facilities	6,049,116	6,312,506
Recreational facilities	<u>348,003</u>	<u>398,764</u>
Total capital assets	<u>\$ 17,500,136</u>	<u>\$ 17,092,843</u>

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

Construction in progress related to operator's building	\$ 895,261
Water plant valves, air compressor, and 15-amp circuit breaker	11,488
Security cameras at facilities	<u>74,113</u>
Total additions to capital assets	<u>\$ 980,862</u>

Debt

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

Long-term debt payable, beginning of year	\$ 22,770,896
Decreases in long-term debt	<u>(448,882)</u>
Long-term debt payable, end of year	<u>\$ 22,322,014</u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Management's Discussion and Analysis
Year Ended December 31, 2025**

At December 31, 2025, the District had \$40,570,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District and \$2,020,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing and improving recreational facilities within the District.

The District's bonds carry an underlying rating of "A" from Standard & Poor's. The bonds also carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Inc.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 49,352	\$ 406,565	\$ 3,144,186	\$ 3,600,103	\$ -	\$ 3,600,103
Certificate of deposit	-	245,000	-	245,000	-	245,000
Short-term investments	1,371,035	697,755	165,296	2,234,086	-	2,234,086
Receivables						
Property taxes	983,676	1,345,269	-	2,328,945	-	2,328,945
Service accounts	465,012	-	-	465,012	-	465,012
Accrued penalty and interest	-	-	-	-	35,337	35,337
Accrued interest	-	1,008	-	1,008	-	1,008
Due from others	825	-	-	825	-	825
Interfund receivables	270,024	-	727,481	997,505	(997,505)	-
Prepaid expenditures	59,974	-	-	59,974	-	59,974
Operating reserve	15,965	-	-	15,965	-	15,965
Capital assets (net of accumulated depreciation)						
Land and improvements	-	-	-	-	4,601,649	4,601,649
Construction in progress	-	-	-	-	974,078	974,078
Infrastructure	-	-	-	-	11,576,406	11,576,406
Recreational facilities	-	-	-	-	348,003	348,003
Total Assets	\$ 3,215,863	\$ 2,695,597	\$ 4,036,963	\$ 9,948,423	\$ 16,537,968	\$ 26,486,391

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025**

(Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 328,680	\$ 7,343	\$ -	\$ 336,023	\$ -	\$ 336,023
Retainage payable	-	-	77,323	77,323	-	77,323
Accrued interest payable	-	-	-	-	334,902	334,902
Customer deposits	276,434	-	-	276,434	-	276,434
Due to others	21,595	-	-	21,595	-	21,595
Interfund payables	727,481	270,024	-	997,505	(997,505)	-
Long-term liabilities						
Due within one year	-	-	-	-	490,000	490,000
Due after one year	-	-	-	-	21,832,014	21,832,014
Total Liabilities	1,354,190	277,367	77,323	1,708,880	21,659,411	23,368,291
Deferred Inflows of Resources						
Deferred property tax revenues	1,137,566	1,555,632	-	2,693,198	(91,492)	2,601,706
Fund Balances/Net Position						
Fund balances						
Nonspendable, prepaid expenditures	59,974	-	-	59,974	(59,974)	-
Restricted						
Water, sewer, and drainage	-	-	3,959,640	3,959,640	(3,959,640)	-
Debt service on unlimited tax bonds	-	862,598	-	862,598	(862,598)	-
Assigned, operating reserve	15,965	-	-	15,965	(15,965)	-
Unassigned	648,168	-	-	648,168	(648,168)	-
Total fund balances	724,107	862,598	3,959,640	5,546,345	(5,546,345)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,215,863	\$ 2,695,597	\$ 4,036,963	\$ 9,948,423		
Net position						
Net investment in capital assets					(248,650)	(248,650)
Restricted for debt service					616,134	616,134
Restricted for capital projects					1,666,748	1,666,748
Unrestricted					(1,517,838)	(1,517,838)
Total net position					\$ 516,394	\$ 516,394

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 995,872	\$ 1,588,071	\$ -	\$ 2,583,943	\$ 10,304	\$ 2,594,247
Water service	380,272	-	-	380,272	-	380,272
Sewer service	1,066,184	-	-	1,066,184	-	1,066,184
Regional water fee	539,137	-	-	539,137	-	539,137
Penalty and interest	63,763	42,218	-	105,981	5,449	111,430
Investment income	68,573	54,522	59,582	182,677	-	182,677
Other income	1,358	310	-	1,668	28,393	30,061
Total Revenues	3,115,159	1,685,121	59,582	4,859,862	44,146	4,904,008
Expenditures/Expenses						
Service operations						
Purchased services	230,512	-	-	230,512	-	230,512
Regional water fee	405,452	-	-	405,452	-	405,452
Professional fees	245,582	15,769	-	261,351	-	261,351
Contracted services	1,153,858	52,166	-	1,206,024	-	1,206,024
Utilities	161,861	-	-	161,861	-	161,861
Repairs and maintenance	739,179	-	-	739,179	13,243	752,422
Other expenditures	192,433	13,025	180	205,638	-	205,638
Tap connections	40,733	-	-	40,733	-	40,733
Capital outlay	750,211	-	243,894	994,105	(994,105)	-
Depreciation	-	-	-	-	573,569	573,569
Debt service						
Principal retirement	-	460,000	-	460,000	(460,000)	-
Interest and fees	-	1,023,431	-	1,023,431	4,876	1,028,307
Total Expenditures/Expenses	3,919,821	1,564,391	244,074	5,728,286	(862,417)	4,865,869
Excess (Deficiency) of Revenues Over Expenditures	(804,662)	120,730	(184,492)	(868,424)	906,563	
Other Financing Sources (Uses)						
Interfund transfers in (out)	(18,027)	-	18,027	-	-	-
Insurance proceeds	28,393	-	-	28,393	(28,393)	-
Total Other Financing Sources	10,366	-	18,027	28,393	(28,393)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(794,296)	120,730	(166,465)	(840,031)	840,031	
Change in Net Position					38,139	38,139
Fund Balances/Net Position						
Beginning of year	1,518,403	741,868	4,126,105	6,386,376	-	478,255
End of year	\$ 724,107	\$ 862,598	\$ 3,959,640	\$ 5,546,345	\$ -	\$ 516,394

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

Harris County Municipal Utility District No. 43, of Harris County, Texas (District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (Commission), effective May 23, 1972, 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 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 and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance 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.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures, and

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services, and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

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

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.

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 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2024 on the 2024 levy.

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2025, the tax levied in October 2025 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2026. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

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
Recreational facilities	10–25 years

Debt Issuance Costs

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

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 balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 17,500,136
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the financial statements.	91,492
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	35,337
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(334,902)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(22,322,014)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (5,029,951)</u>

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

Change in fund balances.	\$ (840,031)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current period.	407,293
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	460,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	15,753

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

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

\$ (4,876)

Change in net position of governmental activities.

\$ 38,139

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

At December 31, 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 TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District's investments in TexPool are reported at amortized cost.

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

<u>Type</u>	<u>Maturities in Years</u>				
	<u>Amortized Cost</u>	<u>Less Than 1</u>	<u>1–5</u>	<u>6–10</u>	<u>More Than 10</u>
TexPool	<u>\$ 2,234,086</u>	<u>\$ 2,234,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

mortgage obligations with a final maturity date in excess of 10 years, and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

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

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at December 31, 2025 as follows:

Carrying value	
Deposits	\$ 3,845,103
Investments	<u>2,234,086</u>
Total	<u><u>\$ 6,079,189</u></u>

Included in the following statement of net position captions:

Cash	\$ 3,600,103
Certificate of deposit	245,000
Short-term investments	<u>2,234,086</u>
Total	<u><u>\$ 6,079,189</u></u>

Investment Income

Investment income of \$182,677 for the year ended December 31, 2025 consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2025 were as follows:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable			
Land and improvements	\$ 4,601,649	\$ -	\$ 4,601,649
Construction in progress	<u>78,817</u>	<u>895,261</u>	<u>974,078</u>
Total capital assets, non-depreciable	<u>4,680,466</u>	<u>895,261</u>	<u>5,575,727</u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable			
Water production and distribution facilities	\$ 7,611,584	\$ 48,544	\$ 7,660,128
Wastewater collection and treatment facilities	10,339,930	37,057	10,376,987
Recreational facilities	929,211	-	929,211
Total capital assets, depreciable	18,880,725	85,601	18,966,326
Less accumulated depreciation			
Water production and distribution facilities	(1,910,477)	(222,361)	(2,132,838)
Wastewater collection and treatment facilities	(4,027,424)	(300,447)	(4,327,871)
Recreational facilities	(530,447)	(50,761)	(581,208)
Total accumulated depreciation	(6,468,348)	(573,569)	(7,041,917)
Total governmental activities, net	<u>\$ 17,092,843</u>	<u>\$ 407,293</u>	<u>\$ 17,500,136</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2025 is presented below:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable				
General obligation bonds	\$ 23,120,000	\$ 460,000	\$ 22,660,000	\$ 490,000
Less discounts on bonds	349,104	11,118	337,986	-
Total governmental activities long-term liabilities	<u>\$ 22,770,896</u>	<u>\$ 448,882</u>	<u>\$ 22,322,014</u>	<u>\$ 490,000</u>

General Obligation Bonds

	Series 2012	Series 2019
Amounts outstanding, December 31, 2025	\$1,475,000	\$7,355,000
Interest rates	2.00% to 2.50%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2026/2030	September 1, 2026/2048
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2019	September 1, 2028

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

	Series 2023
Amount outstanding, December 31, 2025	\$13,830,000
Interest rates	5.00% to 6.25%
Maturity dates, serially beginning/ending	September 1, 2026/2053
Interest payment dates	March 1/September 1
Callable date*	September 1, 2032

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2025:

Year	Principal	Interest	Total
2026	\$ 490,000	\$ 1,004,707	\$ 1,494,707
2027	520,000	984,056	1,504,056
2028	550,000	962,282	1,512,282
2029	575,000	939,193	1,514,193
2030	610,000	915,207	1,525,207
2031–2035	3,140,000	4,183,302	7,323,302
2036–2040	3,960,000	3,453,632	7,413,632
2041–2045	5,015,000	2,515,870	7,530,870
2046–2050	5,160,000	1,330,631	6,490,631
2051–2053	2,640,000	268,500	2,908,500
Total	<u>\$ 22,660,000</u>	<u>\$ 16,557,380</u>	<u>\$ 39,217,380</u>

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

Bonds voted	\$ 73,435,000
Bonds sold	32,865,000
Recreational bonds voted	3,000,000
Recreational bonds sold	980,000

Note 5. Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2025, the District levied an ad valorem debt service tax at the rate of \$0.31500 per \$100 of assessed valuation, which resulted in a tax levy of

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

\$1,502,531 on the taxable valuation of \$476,993,873 for the 2025 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,494,707.

The Commission required the District to escrow \$1,799,783 from the proceeds of its Series 2012 bonds. In previous years, \$730,838 was released from escrow. At the balance sheet date, the remaining escrowed balance of \$1,068,945 from the Series 2012 bonds was invested in a money market account and an external investment pool.

Note 6. Maintenance Taxes

At an election held August 10, 1991, voters authorized a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.230438 per \$100 of assessed valuation, which resulted in a tax levy of \$1,099,175 on the taxable valuation of \$476,993,873 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Contracts With Other Governmental Units

On May 1, 1991, the District entered into a 40-year agreement, which provides for the creation of the Treschwig Regional Wastewater Treatment Facilities and the Treschwig Joint Powers Board (Joint Powers Board). The Joint Powers Board is comprised of a member of the Board of each participant in the facilities and is responsible for the ownership, operation, maintenance, and expansion of the wastewater treatment facilities and the delivery of service.

Under the terms of the agreement, the District is currently entitled to use 25.75% of the 2,000,000 gallons-per-day plant capacity. Operations and maintenance costs are shared on the basis of capacity ownership and equivalent single-family residential connections. The costs of any future expansion will be shared on a basis to be agreed upon within a separate agreement.

During the year ended December 31, 2025, the District was billed \$227,187 for its share of operating costs. The agreement also requires that the districts contribute to an operating reserve for the payment of operating costs on a timely basis. The District has deposited \$15,965 as its share of the reserve.

The condensed audited financial information of the joint venture as of and for the year ended March 31, 2025 is presented below:

Total assets	<u>\$ 125,717</u>
Total liabilities	\$ 63,717
Total net position	<u>62,000</u>
 Total liabilities and net position	 <u>\$ 125,717</u>
 Total revenues	 \$ 1,015,290
Total expenditures	<u>1,015,290</u>
 Excess revenues	 <u>\$ -</u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Financial Statements
December 31, 2025**

Full financial statements may be obtained from Young & Brooks, 10000 Memorial Drive, Suite 260, Houston, Texas 77024.

Note 8. Regional Water Authority

The District is within the boundaries of the North Harris County Regional Water Authority (Authority), which was created by the Texas Legislature to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of December 31, 2025, the Authority was billing the District \$2.60 per 1,000 gallons of water pumped from its wells. This amount is subject to future adjustment.

Note 9. Risk Management

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

Required Supplementary Information

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,020,000	\$ 995,872	\$ (24,128)
Water service	519,000	380,272	(138,728)
Sewer service	983,000	1,066,184	83,184
Regional water fee	810,000	539,137	(270,863)
Penalty and interest	100,000	63,763	(36,237)
Investment income	70,000	68,573	(1,427)
Other income	10,000	1,358	(8,642)
Total Revenues	3,512,000	3,115,159	(396,841)
Expenditures			
Service operations			
Purchased services	385,000	230,512	154,488
Regional water fee	750,000	405,452	344,548
Professional fees	180,000	245,582	(65,582)
Contracted services	1,217,000	1,153,858	63,142
Utilities	150,000	161,861	(11,861)
Repairs and maintenance	620,000	739,179	(119,179)
Other expenditures	185,000	192,433	(7,433)
Tap connections	-	40,733	(40,733)
Capital outlay	25,000	750,211	(725,211)
Total Expenditures	3,512,000	3,919,821	(407,821)
Deficiency of Revenues Over Expenditures	-	(804,662)	(804,662)
Other Financing Sources (Uses)			
Interfund transfers out	-	(18,027)	(18,027)
Insurance proceeds	-	28,393	28,393
Total Other Financing Sources	-	10,366	10,366
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	(794,296)	(794,296)
Fund Balance, Beginning of Year	1,518,403	1,518,403	-
Fund Balance, End of Year	\$ 1,518,403	\$ 724,107	\$ (794,296)

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Notes to Required Supplementary Information
December 31, 2025**

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 not amended during 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

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Other Schedules Included Within This Report
December 31, 2025**

(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 11–21
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedules of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel, and Consultants

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Schedule of Services and Rates
Year Ended December 31, 2025**

1. Services provided by the District

☒ Retail Water	☐ Wholesale Water	☒ Drainage
☒ Retail Wastewater	☐ Wholesale Wastewater	☐ Irrigation
☒ Parks/Recreation	☐ Fire Protection	☒ Security
☒ Solid Waste/Garbage	☐ Flood Control	☐ Roads
☒ 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:	\$ 9.50	6,000	N	\$ 1.50	6,001 to	8,000
				\$ 1.75	8,001 to	10,000
				\$ 2.00	10,001 to	12,000
				\$ 2.25	12,001 to	15,000
				\$ 2.50	15,001 to	20,000
				\$ 2.75	20,001 to	No limit

Wastewater: \$ 44.00 - Y

Regional water fee: \$ 2.99 1,000 N \$ 2.99 1,001 to No Limit

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

Total charges per 10,000 gallons usage (including fees): Water \$ 45.90 Wastewater \$ 44.00

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	2,278	2,278	x1.0	2,278
1"	2	2	x2.5	5
1 1/2"	4	4	x5.0	20
2"	1	1	x8.0	8
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	1	1	x50.0	50
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	2,286	2,286		2,361
Total wastewater	2,282	2,282	x1.0	2,282

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

Gallons pumped into the system:	148,855
Gallons billed to customers:	144,752
Water accountability ratio (gallons billed/gallons pumped):	97.24%

*"ESFC" means equivalent single-family connections

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Schedule of General Fund Expenditures
Year Ended December 31, 2025**

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 27,400	
Legal	116,469	
Engineering	101,713	
Financial advisor	-	245,582
Purchased Services for Resale		
Bulk water and wastewater service purchases		230,512
Regional Water Fee		405,452
Contracted Services		
Bookkeeping	22,953	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	346,435	
Other contracted services	121,840	491,228
Utilities		161,861
Repairs and Maintenance		739,179
Administrative Expenditures		
Directors' fees	33,000	
Office supplies	26,875	
Insurance	50,702	
Other administrative expenditures	81,856	192,433
Capital Outlay		
Capitalized assets	736,967	
Expenditures not capitalized	13,244	750,211
Debt Service		
Debt issuance costs		-
Tap Connection Expenditures		40,733
Solid Waste Disposal		662,630
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total Expenditures		<u>\$ 3,919,821</u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Schedule of Temporary Investments
December 31, 2025**

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	3.82%	Demand	<u>\$ 1,371,035</u>	<u>\$ -</u>
Debt Service Fund				
Certificate of Deposit				
No. 9009001693	3.95%	08/23/26	245,000	1,008
TexPool	3.82%	Demand	<u>697,755</u>	<u>-</u>
			<u>942,755</u>	<u>1,008</u>
Capital Projects Fund				
TexPool	3.82%	Demand	<u>165,296</u>	<u>-</u>
Totals			<u><u>\$ 2,479,086</u></u>	<u><u>\$ 1,008</u></u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Analysis of Taxes Levied and Receivables
Year Ended December 31, 2025**

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 921,102	\$ 1,460,420
Additions and corrections to prior years' taxes	646	942
Adjusted Receivable, Beginning of Year	<u>921,748</u>	<u>1,461,362</u>
 2025 Original Tax Levy	 1,061,429	 1,450,933
Additions and corrections	37,746	51,598
Adjusted tax levy	<u>1,099,175</u>	<u>1,502,531</u>
Total to Be Accounted For	2,020,923	2,963,893
Tax collections: Current year	(153,891)	(210,363)
Prior years	(883,356)	(1,408,261)
Receivable, End of Year	<u><u>\$ 983,676</u></u>	<u><u>\$ 1,345,269</u></u>
 Receivable, by Years		
2025	\$ 945,284	\$ 1,292,168
2024	17,436	27,864
2023	9,941	14,972
2022	4,362	3,642
2021	2,082	1,912
2020	1,400	1,357
2019	705	690
2018	553	552
2017	616	616
2016	512	512
2015	253	253
2014	252	283
2013	158	240
2012	122	208
Receivable, end of year	<u><u>\$ 983,676</u></u>	<u><u>\$ 1,345,269</u></u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Analysis of Taxes Levied and Receivables
Year Ended December 31, 2025**

(Continued)

	2025	2024	2023	2022
Property Valuations				
Land	\$ 100,615,386	\$ 98,554,217	\$ 98,056,611	\$ 52,667,699
Improvements	398,758,064	397,792,326	379,735,149	263,720,234
Personal property	8,029,861	6,774,524	5,807,014	3,792,992
Exemptions	<u>(30,409,438)</u>	<u>(27,785,742)</u>	<u>(21,342,764)</u>	<u>(18,161,802)</u>
Total Property Valuations	<u>\$ 476,993,873</u>	<u>\$ 475,335,325</u>	<u>\$ 462,256,010</u>	<u>\$ 302,019,123</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.315000	\$ 0.335500	\$ 0.335500	\$ 0.200000
Maintenance tax rates*	<u>0.230438</u>	<u>0.209938</u>	<u>0.222780</u>	<u>0.239500</u>
Total Tax Rates per \$100 Valuation	<u>\$ 0.545438</u>	<u>\$ 0.545438</u>	<u>\$ 0.558280</u>	<u>\$ 0.439500</u>
Tax Levy	<u>\$ 2,601,706</u>	<u>\$ 2,592,660</u>	<u>\$ 2,580,682</u>	<u>\$ 1,327,374</u>
Percent of Taxes Collected to Taxes Levied**	<u>14%</u>	<u>98%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$0.25 on August 10, 1991

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

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025**

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2012</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 260,000	\$ 36,875	\$ 296,875
2027	280,000	30,375	310,375
2028	295,000	23,375	318,375
2029	310,000	16,000	326,000
2030	330,000	8,250	338,250
Totals	<u>\$ 1,475,000</u>	<u>\$ 114,875</u>	<u>\$ 1,589,875</u>

Harris County Municipal Utility District No. 43,
of Harris County, Texas
Schedule of Long-Term Debt Service Requirement by Years
December 31, 2025

(Continued)

Due During Fiscal Years Ending December 31	Series 2019		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	\$ 10,000	\$ 253,769	\$ 263,769
2027	10,000	253,369	263,369
2028	10,000	252,969	262,969
2029	10,000	252,569	262,569
2030	10,000	252,269	262,269
2031	285,000	251,968	536,968
2032	295,000	243,418	538,418
2033	310,000	234,568	544,568
2034	320,000	225,268	545,268
2035	335,000	215,268	550,268
2036	345,000	204,382	549,382
2037	360,000	192,738	552,738
2038	375,000	180,138	555,138
2039	390,000	167,012	557,012
2040	405,000	153,362	558,362
2041	420,000	139,188	559,188
2042	440,000	124,488	564,488
2043	455,000	109,088	564,088
2044	475,000	93,162	568,162
2045	495,000	75,944	570,944
2046	510,000	58,000	568,000
2047	535,000	39,512	574,512
2048	555,000	20,119	575,119
Totals	<u>\$ 7,355,000</u>	<u>\$ 3,992,568</u>	<u>\$ 11,347,568</u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Schedule of Long-Term Debt Service Requirement by Years
December 31, 2025**

(Continued)

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2023</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 220,000	\$ 714,063	\$ 934,063
2027	230,000	700,312	930,312
2028	245,000	685,938	930,938
2029	255,000	670,624	925,624
2030	270,000	654,688	924,688
2031	285,000	637,812	922,812
2032	300,000	620,000	920,000
2033	320,000	601,250	921,250
2034	335,000	585,250	920,250
2035	355,000	568,500	923,500
2036	375,000	550,750	925,750
2037	395,000	532,000	927,000
2038	415,000	512,250	927,250
2039	440,000	491,500	931,500
2040	460,000	469,500	929,500
2041	490,000	446,500	936,500
2042	515,000	422,000	937,000
2043	545,000	396,250	941,250
2044	575,000	369,000	944,000
2045	605,000	340,250	945,250
2046	640,000	310,000	950,000
2047	670,000	278,000	948,000
2048	710,000	244,500	954,500
2049	750,000	209,000	959,000
2050	790,000	171,500	961,500
2051	835,000	132,000	967,000
2052	880,000	90,250	970,250
2053	925,000	46,250	971,250
Totals	<u>\$ 13,830,000</u>	<u>\$ 12,449,937</u>	<u>\$ 26,279,937</u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Schedule of Long-Term Debt Service Requirement by Years
December 31, 2025**

(Continued)

<u>Due During Fiscal Years Ending December 31</u>	<u>Annual Requirements For All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total Principal and Interest Due</u>
2026	\$ 490,000	\$ 1,004,707	\$ 1,494,707
2027	520,000	984,056	1,504,056
2028	550,000	962,282	1,512,282
2029	575,000	939,193	1,514,193
2030	610,000	915,207	1,525,207
2031	570,000	889,780	1,459,780
2032	595,000	863,418	1,458,418
2033	630,000	835,818	1,465,818
2034	655,000	810,518	1,465,518
2035	690,000	783,768	1,473,768
2036	720,000	755,132	1,475,132
2037	755,000	724,738	1,479,738
2038	790,000	692,388	1,482,388
2039	830,000	658,512	1,488,512
2040	865,000	622,862	1,487,862
2041	910,000	585,688	1,495,688
2042	955,000	546,488	1,501,488
2043	1,000,000	505,338	1,505,338
2044	1,050,000	462,162	1,512,162
2045	1,100,000	416,194	1,516,194
2046	1,150,000	368,000	1,518,000
2047	1,205,000	317,512	1,522,512
2048	1,265,000	264,619	1,529,619
2049	750,000	209,000	959,000
2050	790,000	171,500	961,500
2051	835,000	132,000	967,000
2052	880,000	90,250	970,250
2053	925,000	46,250	971,250
Totals	<u>\$ 22,660,000</u>	<u>\$ 16,557,380</u>	<u>\$ 39,217,380</u>

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Changes in Long-Term Bonded Debt
Year Ended December 31, 2025**

	Bond Issues			Totals
	Series 2012	Series 2019	Series 2023	
Interest rates	2.00% to 2.50%	3.00% to 5.00%	5.00% to 6.25%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2026/2030	September 1, 2026/2048	September 1, 2026/2053	
Bonds outstanding, beginning of current year	\$ 1,720,000	\$ 7,365,000	\$ 14,035,000	\$ 23,120,000
Retirements, principal	245,000	10,000	205,000	460,000
Bonds outstanding, end of current year	<u>\$ 1,475,000</u>	<u>\$ 7,355,000</u>	<u>\$ 13,830,000</u>	<u>\$ 22,660,000</u>
Interest paid during current year	<u>\$ 42,387</u>	<u>\$ 254,169</u>	<u>\$ 726,875</u>	<u>\$ 1,023,431</u>
Paying agent's name and address				
Series 2012 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas				
Series 2019 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas				
Series 2023 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas				
Bond authority				
	Tax Bonds	Recreation Bonds	Refunding Bonds	
Amount authorized by voters	\$ 73,435,000	\$ 3,000,000	\$ -	
Amount issued	\$ 32,865,000	\$ 980,000	\$ -	
Remaining to be issued	\$ 40,570,000	\$ 2,020,000	\$ -	
Debt service fund cash and temporary investment balances as of December 31, 2025:			\$ 1,349,320	
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 1,400,621	

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,**

	Amounts				
	2025	2024	2023	2022	2021
General Fund					
Revenues					
Property taxes	\$ 995,872	\$ 1,020,643	\$ 843,513	\$ 615,374	\$ 580,853
Water service	380,272	414,973	412,482	417,379	364,431
Sewer service	1,066,184	1,027,798	1,006,741	956,240	831,945
Regional water fee	539,137	711,129	773,183	666,142	530,853
Penalty and interest	63,763	133,034	122,027	45,268	37,627
Tap connection and inspection fees	-	-	1,975	504,135	582,675
Investment income	68,573	85,778	76,768	26,626	598
Other income	1,358	6,357	22,467	63,157	45,049
Total Revenues	3,115,159	3,399,712	3,259,156	3,294,321	2,974,031
Expenditures					
Service operations:					
Purchased services	230,512	371,151	442,375	259,311	229,098
Regional water fee	405,452	476,762	587,601	714,771	572,264
Professional fees	245,582	197,269	156,527	156,836	122,600
Contracted services	1,153,858	1,151,268	1,087,667	958,410	691,314
Utilities	161,861	159,630	146,368	92,626	45,976
Repairs and maintenance	739,179	747,525	684,648	473,632	222,106
Other expenditures	192,433	174,075	289,823	140,210	123,139
Tap connections	40,733	-	2,680	336,912	392,225
Capital outlay	750,211	22,945	6,915	56,690	257,236
Total Expenditures	3,919,821	3,300,625	3,404,604	3,189,398	2,655,958
Excess (Deficiency) of Revenues Over Expenditures	(804,662)	99,087	(145,448)	104,923	318,073
Other Financing Sources (Uses)					
Interfund transfers out	(18,027)	-	-	-	-
Insurance proceeds	28,393	-	-	-	-
Total Other Financing Sources	10,366	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(794,296)	99,087	(145,448)	104,923	318,073
Fund Balance, Beginning of Year	1,518,403	1,419,316	1,564,764	1,459,841	1,141,768
Fund Balance, End of Year	\$ 724,107	\$ 1,518,403	\$ 1,419,316	\$ 1,564,764	\$ 1,459,841
Total Active Retail Water Connections	2,286	2,285	2,212	2,196	1,887
Total Active Retail Wastewater Connections	2,282	2,281	2,201	2,185	1,876

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
32.0 %	30.0 %	25.9 %	18.7 %	19.5 %
12.2	12.2	12.7	12.7	12.3
34.2	30.3	30.9	29.0	28.0
17.3	20.9	23.7	20.2	17.8
2.0	3.9	3.7	1.4	1.3
-	-	0.1	15.3	19.6
2.2	2.5	2.3	0.8	0.0
0.1	0.2	0.7	1.9	1.5
100.0	100.0	100.0	100.0	100.0
7.4	10.9	13.6	7.9	7.7
13.0	14.0	18.0	21.7	19.2
7.9	5.8	4.8	4.8	4.1
37.0	33.9	33.4	29.1	23.2
5.2	4.7	4.5	2.8	1.6
23.7	22.0	21.0	14.4	7.5
6.2	5.1	8.9	4.2	4.1
1.3	-	0.1	10.2	13.2
24.1	0.7	0.2	1.7	8.7
125.8	97.1	104.5	96.8	89.3
(25.8) %	2.9 %	(4.5) %	3.2 %	10.7 %

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended December 31,**

	Amounts				
	2025	2024	2023	2022	2021
Debt Service Fund					
Revenues					
Property taxes	\$ 1,588,071	\$ 1,526,735	\$ 705,325	\$ 565,400	\$ 563,168
Penalty and interest	42,218	66,842	42,415	14,949	16,098
Investment income	54,522	60,129	32,281	8,037	1,365
Other income	310	69	104	4,751	6,481
Total Revenues	1,685,121	1,653,775	780,125	593,137	587,112
Expenditures					
Current					
Professional fees	15,769	16,869	19,272	5,250	6,562
Contracted services	52,166	54,329	38,473	42,642	34,575
Other expenditures	13,025	14,869	10,121	9,195	11,518
Debt service					
Principal retirement	460,000	525,000	235,000	230,000	220,000
Interest and fees	1,023,431	905,501	309,344	314,043	319,194
Total Expenditures	1,564,391	1,516,568	612,210	601,130	591,849
Excess (Deficiency) of Revenues Over Expenditures	120,730	137,207	167,915	(7,993)	(4,737)
Fund Balance, Beginning of Year	741,868	604,661	436,746	444,739	449,476
Fund Balance, End of Year	\$ 862,598	\$ 741,868	\$ 604,661	\$ 436,746	\$ 444,739

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
94.3 %	92.3 %	90.4 %	95.3 %	96.0 %
2.5	4.0	5.5	2.5	2.7
3.2	3.7	4.1	1.4	0.2
0.0	0.0	0.0	0.8	1.1
100.0	100.0	100.0	100.0	100.0
0.9	1.0	2.5	0.9	1.1
3.1	3.3	4.9	7.2	5.9
0.8	0.9	1.3	1.5	2.0
27.3	31.7	30.1	38.8	37.5
60.7	54.8	39.7	52.9	54.3
92.8	91.7	78.5	101.3	100.8
7.2 %	8.3 %	21.5 %	(1.3) %	(0.8) %

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025**

Complete District mailing address:	Harris County Municipal Utility District No. 43, of Harris County, Texas c/o Hunton Andrews Kurth LLP 600 Travis, Suite 4200 Houston, TX 77002
District business telephone number:	713.220.4200
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 25, 2017
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
Matt Fagerburg	Elected 11/22– 11/26	\$ 7,050	\$ 1,837	President
Kathleen Harrison	Elected 11/24– 11/28	6,900	3,269	Vice President
Connie Magee	Elected 11/24– 11/28	5,250	1,240	Secretary
Patricia Yazell	Elected 11/24– 11/28	6,600	1,584	Assistant Secretary
Bob Frost	Appointed 10/22– 11/26	7,200	420	Director

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

**Harris County Municipal Utility District No. 43,
of Harris County, Texas
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
B&A Municipal Tax Service, LLC	11/01/11	\$ 46,578	Tax Assessor/ Collector
EHRA Engineering, Inc.	Prior to 01/01/83	176,697	Engineer
Forvis Mazars, LLP	10/10/85	27,400	Auditor
Harris Central Appraisal District	Legislative Action	19,959	Appraiser
Huntington Capital Markets	01/06/16	-	Former Financial Advisor
Hunton Andrews Kurth LLP	06/03/10	115,719	Attorney
Linebarger Goggan Blair & Sampson, LLP	04/13/95	15,769	Delinquent Tax Attorney
Masterson Advisors, LLC	08/21/25	-	Financial Advisor
Protocol Bookkeeping, Inc.	12/01/83	28,587	Bookkeeper
TNG Utility Corp.	08/21/03	978,819	Operator

APPENDIX B

Form of Bond Counsel Opinion

**RESOLUTION AUTHORIZING THE ISSUANCE OF
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 43 UNLIMITED TAX
BONDS, SERIES 2026**

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

WHEREAS, the bonds hereinafter authorized were duly and favorably voted at an election held in the Harris County Municipal Utility District No. 43 (the “District”) on May 6, 2023 (the “Election”); and

WHEREAS, the Board hereby determines that bonds in the amount of \$7,500,000 should be issued as the second installment of the \$48,180,000 bonds voted at the 2023 Election, leaving \$33,070,000 in authorized and unissued bonds to be issued at a later date; Now, Therefore

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 43 THAT:

1. Definitions. Throughout this resolution the following terms and expressions as used herein shall have the meanings set forth below:

“Act” means Chapters 49 and 54, Texas Water Code, as amended.

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the District, the Registrar and DTC.

“Board” means the Board of Directors of the District.

“Bond” or “Bonds” means one or more bonds of the issue of Harris County Municipal District No. 43 Unlimited Tax Bonds, Series 2026, authorized in this Resolution, unless the context clearly indicates otherwise.

“Bond Insurer” shall mean Build America Mutual Assurance Company or any successor thereto.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to remain closed.

“Capital Projects Fund” means the fund created and maintained by the District and described in Section 23 of this Resolution.

“Code” means the Internal Revenue Code of 1986, as amended.

“Debt Service Fund” means the fund created and maintained by the District and described in Section 21 of this Resolution.

“District” means Harris County Municipal Utility District No. 43.

“DTC” means The Depository Trust Company, New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Initial Bond” means the Initial Bond authorized by Section 4 of this Resolution.

“Initial Purchaser” means the initial purchaser of the Bonds identified in Section 23 of this Resolution.

“Interest Payment Date”, when used in connection with any Bond, means March 1, 2027, and each March 1 and September 1 thereafter until maturity or prior redemption of such Bond.

“MSRB” means the Municipal Securities Rulemaking Board.

“Outstanding,” when used with respect to the Bonds, shall mean, as of a particular date, all Bonds theretofore and thereupon delivered pursuant to this Resolution except: (a) any Bond cancelled by or on behalf of the District at or before such date; (b) any Bond defeased pursuant to the defeasance provisions of this Resolution or otherwise defeased as permitted by applicable law; and (c) any Bond in lieu of or in substitution for which a replacement Bond shall have been delivered pursuant to this Resolution.

“Owner” or “Registered Owner” shall mean any person who shall be the registered owner of any outstanding Bond.

“Paying Agent” means the Registrar.

“Record Date” means, for any Interest Payment Date, the close of business on the fifteenth calendar day of the preceding month.

“Register” means the books of registration kept by the Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Registered Owner.

“Registered Owner” means any person who shall be the registered owner of any outstanding Bond.

“Registrar” means The Bank of New York Mellon Trust Company, N.A., Houston, Texas, and its successors in that capacity.

“Resolution” as used herein and in the Bonds means this Resolution authorizing the Bonds.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

2. Authorization. The Bonds shall be issued in fully registered form, without coupons, in the total aggregate amount of \$7,500,000 for the purpose of financing the (i) purchasing, constructing, acquiring, owning, operating, repairing, improving or extending inside and outside the District's boundaries any and all District works, improvements, facilities, plants and equipment, and appliances needed to provide a waterworks system and sanitary sewer system and drainage and storm sewer system and (ii) the costs of professional services incurred in connection therewith, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI, Constitution of Texas, the Act, and the Elections.

3. Designation, Date, and Interest Payment Dates. The Bonds shall be designated as the "HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 43 UNLIMITED TAX BONDS, SERIES 2026," and shall be dated August 1, 2026. The Bonds shall bear interest at the rates set forth below in Section 4 from the initial date of delivery to the Initial Purchaser, or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, interest payable on March 1, 2027 and semiannually thereafter on each March 1 and September 1 until maturity or prior redemption.

4. Initial Bonds; Interest Rates; Maturities; Principal Amounts and Denominations. The Bonds shall be issued bearing the numbers, in the principal amounts, and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Resolution. The Bonds shall mature on March 1 in each of the years and in the amounts set out in such schedule. The Initial Bond shall be numbered IB-1 and all other Bonds shall be numbered in sequence beginning with R-1. Bonds delivered in transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

<u>Maturity</u> <u>Date (9/1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027	\$85,000	6.000%
2028	\$135,000	6.000%
2029	\$140,000	6.000%
2030	\$135,000	6.000%
2031	\$205,000	6.000%
2032	\$220,000	6.000%
2033	\$220,000	6.000%
2034	\$230,000	3.625%
2035	\$230,000	3.625%
2036	\$240,000	3.625%
2037	\$250,000	3.750%
2038	\$255,000	3.750%
2039	\$260,000	3.875%
2040	\$275,000	4.000%
2041	\$280,000	4.125%
2042	\$285,000	4.125%
2043	\$295,000	4.125%
2044	\$300,000	4.250%

2045	\$310,000	4.250%
2046	\$320,000	4.250%
2047	\$330,000	4.375%
2048	\$340,000	4.375%

\$810,000 4.375% Term Bond due September 1, 2050
\$1,350,000 4.375% Term Bond due September 1, 2053

5. Optional and Mandatory Redemption. The District reserves the right, at its option, to redeem the Bonds prior to maturity on the dates and at the redemption prices set forth in the form of the Bonds in this Resolution. In addition, portions of the Bonds are subject to mandatory redemption on the dates and at the redemption prices set forth in the form of the Bonds in this Resolution.

Principal amounts may be redeemed only in integral multiples of \$5,000. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. The Registrar shall select the particular Bonds to be redeemed within any given maturity by lot or other random selection method. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with this Resolution, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

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

The District reserves the rights to defease the Bonds in any manner now or hereafter permitted by law.

6. Execution of Bonds; Seal. The Bonds shall be signed by the President of the Board and countersigned by the Secretary or Assistant Secretary of the Board, by their manual,

lithographed, or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds. If any officer of the District whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, (the "Initial Bond"), payable in stated installments to the Initial Purchaser or its designee, executed by manual or facsimile signature of the President and Secretary or Assistant Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, shall be delivered to the Initial Purchaser or its designee. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver Bonds to DTC in accordance with Section 13.

7. Approval by Attorney General; Registration by Comptroller. The Bonds to be initially issued shall be delivered to the Attorney General of Texas for approval and shall be registered by the Comptroller of Public Accounts of the State of Texas. The manually executed registration certificate of the Comptroller of Public Accounts substantially in the form provided in this Resolution shall be attached or affixed to the Bonds to be initially issued.

8. Authentication. Except for the Initial Bond, which need not be authenticated by the Registrar, in the event Book-Entry-Only System is discontinued, only such Bonds which bear thereon a certificate of authentication, substantially in the form provided in this Resolution, manually executed by an authorized representative of the Registrar, shall be entitled to the benefits of this Resolution or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Bonds so authenticated were delivered by the Registrar hereunder.

9. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of and interest on the Bonds are payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America. Principal is payable upon presentation and surrender of the Bonds as they respectively become due and payable, whether at maturity or by prior redemption, at the principal payment office of the Registrar in Houston, Texas. Interest is payable by check or draft dated as of the Interest Payment Date, mailed by the Registrar on each Interest Payment Date to the Registered Owner of record as of the Record Date, first class, postage prepaid, to the address of such Registered Owner as shown in the Register, or by such other customary banking arrangements as may be agreed upon by the Registrar and the Registered Owner, at the risk and expense of the Registered Owner. Any accrued interest payable at maturity on a Bond shall be paid upon presentation and surrender of such Bond at the principal payment office of the Registrar.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date such payment was originally due.

10. Successor Registrars. The District covenants that at all times while any Bonds are outstanding it will provide a national or state banking institution, which shall be organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and which shall be subject to supervision or examination by federal or state authority, to act as Registrar for the Bonds. The District reserves the right to change the Registrar for the Bonds on not less than 30 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or Interest Payment Date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Registered Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

11. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the District. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five days prior to the Special Record Date, to each affected Registered Owner of record as of the close of business on the day prior to the mailing of such notice.

12. Ownership; Unclaimed Principal and Interest. The District, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Registered Owner of such Bond for the purpose of making and receiving payment of principal or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Registered Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the District and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Registered Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

13. Book-Entry Only System.

(a) The Initial Bond shall be registered in the name of the Initial Purchaser. Except as provided in Section 14 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the District and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the District and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the resolution of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the District to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(c) The execution and delivery of the Blanket Issuer Letter of Representations is hereby approved with such changes as may be approved by the Vice President of the Board, and the Vice President of the Board is hereby authorized and directed to execute such Blanket Issuer Letter of Representations.

14. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the District in its sole discretion, determines that the beneficial owners of the Bonds be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the District shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall not longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

15. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations.

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

Subject to the provisions of Section 13, entitled “Book-Entry-Only System,” each Bond shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond in proper form for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

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

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

17. Mutilated, Lost, or Stolen Bonds. Subject to the provisions of Section 13, entitled “Book-Entry-Only System,” upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Registered Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the

Registrar. The District or the Registrar may require the Registered Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (1) furnish to the District and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (2) furnish such security or indemnity as may be required by the Registrar and the District to hold them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the District and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the District and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

18. Cancellation of Bonds. Subject to the provisions of Section 13, entitled "Book-Entry-Only System," all Bonds paid in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. Upon request, the Registrar shall furnish the District with appropriate certificates of destruction of such Bonds.

19. Forms. The form of the Bonds, including the form of the Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, which shall be attached or affixed to the Initial Bond shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Resolution, including any legend regarding bond insurance if such insurance is obtained by the Initial Purchaser:

- (a) Form of Bond

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF HARRIS

REGISTERED
NUMBER
I-1

REGISTERED
DENOMINATION
\$ _____

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
UNLIMITED TAX BONDS
SERIES 2026

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP NO.:
August 1, 2026

REGISTERED OWNER:

PRINCIPAL AMOUNT:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 43 (the "District") promises to pay to the Registered Owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at the operations office of the registrar (the "Registrar"), initially, The Bank of New York Mellon Trust Company, N.A., Houston, Texas, the principal amount identified above, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of August 25, 2026, or the most recent interest payment date to which interest has been paid or duly provided for. The Bonds shall be dated as of the Dated Date. Principal of and interest on this Bond are payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America. Interest on this Bond is payable by check or draft on each March 1 and September 1 until the earlier of maturity or prior redemption, beginning on March 1, 2027, mailed to the Registered Owner as shown on the books of registration kept by the Registrar as of the fifteenth day of the month next preceding each interest payment date (the "Record Date"), or by such other customary banking arrangements as may be agreed upon by the Registrar and the Registered Owner, at the risk and expense of the Registered Owner.

THIS BOND is one of a duly authorized issue of Bonds, aggregating \$7,500,000 (the "Bonds"), issued for the purpose of financing the (i) purchasing, constructing, acquiring, owning, operating, repairing, improving or extending inside and outside the District's boundaries any and all District works, improvements, facilities, plants and equipment, and appliances needed to provide a waterworks system and sanitary sewer system and drainage and storm sewer system and (ii) the costs of professional services incurred in connection therewith, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI, Constitution of Texas, and the Act, by authority of an election held for and within the District on May 6, 2023, and pursuant to a resolution adopted by the Board of Directors on July 23, 2026 (the "Resolution").

THIS BOND, and the other Bonds of the series of which it is a part, are payable from the proceeds of an annual ad valorem tax levied without legal limitation as to rate or amount upon all taxable property within the District. Reference is hereby made to the Resolution for a complete description of the terms, covenants and provisions pursuant to which this Bond and said series of Bonds are secured and made payable; the respective rights thereunder of the Registered Owners of the Bonds, the District and the Registrar; and the terms upon which the Bonds are, and are to be, registered and delivered.

THE DISTRICT RESERVES THE RIGHT, at its option, to redeem the Bonds having stated maturities on and after September 1, 2033, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2032, or any day thereafter at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. The Registrar shall select the particular Bonds to be redeemed within any given maturity by lot or other random selection method. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with the provisions of the Resolution, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered. Reference is made to the Resolution for complete details concerning the manner of redeeming the Bonds.

IN ADDITION TO BEING SUBJECT TO OPTIONAL REDEMPTION, THE BONDS ISSUED AS TERM BONDS maturing on September 1 in the years 2050 and 2053 (the "Term Bonds") are subject to mandatory redemption prior to maturity in the following amounts (subject to reduction as hereinafter provided), on the following dates ("Mandatory Redemption Dates"), at a price equal to the principal amount redeemed plus accrued interest to each Mandatory Redemption Date, subject to the conditions set forth below:

TERM BONDS MATURING IN THE YEAR 2050

<u>Mandatory Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2049	\$395,000	4.375%
2050	\$415,000	4.375%

TERM BONDS MATURING IN THE YEAR 2053

<u>Mandatory Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2051	\$430,000	4.375%
2052	\$450,000	4.375%
2053	\$470,000	4.375%

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

NOTICE OF ANY REDEMPTION shall be given at least 30 days prior to the date fixed for redemption by first class mail, addressed to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the principal payment office of the Registrar for bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

NEITHER THE DISTRICT nor the Registrar shall be required to transfer or exchange any Bond during the period beginning on a Record Date and ending on the next succeeding interest payment date or to transfer or exchange any Bond called for redemption during the 30 day period prior to the date fixed for redemption of such Bond.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE DISTRICT has covenanted in the Resolution that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed first class, postage prepaid, to each Registered Owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes, without legal limit as to rate or amount, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the District and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Vice President of the Board of Directors and countersigned with the manual or facsimile signature of the Assistant Secretary of the Board of Directors, and the official seal of the District has been duly impressed, or placed in facsimile, on this Bond.

(SEAL)

HARRIS COUNTY MUNICIPAL UTILITY
DISTRICT NO. 43

Vice President, Board of Directors

Assistant Secretary, Board of Directors

(b) Form of Registration Certificate of Comptroller of Public Accounts

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this

Acting Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) Form of Registrar's Authentication Certificate

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Resolution described in the text of this Bond, in exchange for or in replacement of a bond, bonds or a portion of a bond or bonds of a series which was originally approved by the Attorney General of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

The Bank of New York Mellon Trust
Company, N.A.

By: _____
Authorized Signature
Date of Authentication:

(d) Form of Assignment

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer such Bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED: _____

Signature Guaranteed:

Registered Owner

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature must correspond to the name of the Registered Owner as shown on the form of this Bond in every particular, without any alteration, enlargement or change whatsoever.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b), (d) and (f) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the words “As Shown Below” and the word “CUSIP No.” deleted;

(ii) in the first paragraph of the Bond, the words “on the maturity date specified above,” “the principal amount identified above,” and “at the rate shown above” shall be deleted and the following shall be inserted at the end of the first sentence “ ... , with such principal to be paid in installments on September 1 in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:”

[Information to be inserted from schedule in Section 4]

(iii) the Initial Bond shall be numbered IB-1.

(f) Form of Statement of Insurance

STATEMENT OF INSURANCE

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to The Bank of New York Mellon Trust Company, N.A., Houston, Texas, or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Resolution, at law or in equity.

20. Legal Opinion; CUSIP; Bond Insurance. The approving opinion of Hunton Andrews Kurth LLP, Houston, Texas, and CUSIP numbers may be printed on the Bonds, but errors or omissions in the printing of such opinion or such numbers shall have no effect on the validity of the Bonds. If bond insurance is obtained by the purchaser, the Bonds may bear an appropriate legend as provided by the insurer. In addition, the insurance provisions contained in Exhibit A shall apply to the Bonds, notwithstanding anything to the contrary contained herein.

21. Debt Service Fund; Tax Levy. A special fund to be designated as the “Harris County Municipal Utility District No. 43 Unlimited Tax Bonds, Series 2026 Debt Service Fund” (the “Debt Service Fund”) is hereby created, which shall be kept separate and apart from all other funds of the District. The proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by this Resolution shall be deposited, as collected, in such Debt Service Fund. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form

and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate, upon all taxable property in the District, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

To pay the debt service coming due on any Bonds issued prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

22. Capital Projects Fund. A special fund to be designated as the “Harris County Municipal Utility District No. 43 Unlimited Tax Bonds, Series 2026 Capital Projects Fund” (the “Capital Projects Fund”) is hereby created, which shall be kept separate and apart from all other funds of the District. The portion of the proceeds of the Bonds to be used to pay for the purposes described in Section 2 of this Resolution shall be deposited in the Capital Projects Fund.

23. Further Proceedings. After the Bonds to be initially issued have been executed, it shall be the duty of the Vice President and Assistant Secretary of the Board and other appropriate officials and agents of the District to deliver the Bonds to be initially issued and all pertinent records and proceedings to the Attorney General of Texas, for examination and approval. After the Bonds to be initially issued have been approved by the Attorney General, they shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Bonds to be initially issued, the Comptroller of Public Accounts (or the Comptroller’s bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller’s Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

24. Sale; Proceeds.

(a) The sale and delivery of the Bonds to The Baker Group LP (herein referred to as the “Initial Purchaser”) at a price of \$7,277,843.90 (representing the par amount of \$7,500,000, less an original issue discount in the amount of \$20,906.10, less Underwriter’s Discount in the amount of \$171,000.00, less bond insurance premium in the amount of \$30,200.00), interest to accrue from the date of delivery, is hereby authorized, approved, ratified and confirmed, subject to the approving opinion as to the legality of the Bonds of the Attorney General of Texas, and of Hunton Andrews Kurth LLP, Houston, Texas, bond counsel. It is hereby found and declared that the Initial Purchaser’s bid produced the lowest net effective interest rate for the Bonds after advertisement and public sale, and that the net effective interest rate resulting from such bid is 4.483354%, which rate is less than the maximum rate permitted by law.

(b) The District hereby acknowledges that the sale of the Bonds to the Initial Purchaser will be contingent upon the issuance of a policy of a municipal bond insurance insuring the timely payment of principal of and interest on the Bonds. The President, Vice President and Board of Directors and other appropriate District officials are hereby authorized and directed to execute

such documents and certificates and to do any and all things necessary or desirable to obtain such insurance, if any, and the printing of the Bonds of an appropriate legend or statement regarding such insurance is hereby approved. In addition, the insurance provisions contained in Exhibit A to this Resolution shall apply to the Bonds, notwithstanding anything to the contrary contained herein.

(c) The proceeds of the Bonds and interest earnings thereon shall, promptly upon receipt by the District, be deposited into the Capital Projects Fund and used for the purposes described in Section 2 above, all in accordance with the orders of the TCEQ approving the Bonds. Any proceeds remaining after completion of the projects and expenditures approved by the TCEQ, including earnings from the investment of bond proceeds, shall be used in accordance with the rules of the TCEQ for use of surplus bond proceeds. After all water, sewer, and drainage facilities needed to serve the District are constructed, any remainder shall be transferred to the Debt Service Fund, in accordance with the applicable laws and regulations, including those of the TCEQ or its successor, in effect at such time.

25. Investments. Moneys deposited into the Debt Service or Capital Projects Funds and any other fund or funds that the District may lawfully create may be invested or reinvested in authorized investments. All investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that in the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

26. Defeasance and Refunding. The District reserves the right to defease or refund the Bonds in any manner provided by law.

27. Remedies in Event of Default. In addition to all of the rights and remedies provided by laws of the State of Texas, the District further covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds when due, or, in the event it fails to make the payments required to be made into the Debt Service Fund or any other fund or defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution, the Registered Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the officials thereof to observe and perform the covenants, obligations or conditions prescribed in this Resolution. Any delay or omission to exercise any right or power occurring upon any default shall not impair any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

28. Covenants to Maintain Tax Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Issue Date.

“Computation Date” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Investment” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Issue Date” for each series or sub-series of the Bonds or other obligations of the District is the respective date on which such series or sub-series of the Bonds or other obligations of the District is delivered against payment therefor.

“Net Sale Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Proceeds” has the meaning stated in Section 1.148-1(b) of the Regulations.

“Rebate Amount” has the meaning stated in Section 1.148-3 of the Regulations.

“Regulations” means the temporary or final Income Tax Regulations applicable to the Bonds issued pursuant to Sections 141 through 150 of the Code. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to Sections 141 through 150 of the Code and applicable to the Bonds.

“Yield of”

A. any Investment shall be computed in accordance with Section 1.148-5 of the Regulations, and

B. the Bonds shall be computed in accordance with Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The District shall not use, permit the use of or omit to use Gross Proceeds of the Bonds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the District shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the District shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the regulations and rulings thereunder, the District shall, at all times after the Issue Date of any Bond and prior to the last stated maturity of the Bonds

(1) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any activity carried on by

any person or entity other than a state or local government, unless such use is solely as a member of the general public, or

(2) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds other than taxes of general application and interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the regulations and rulings thereunder, the District shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity if (1) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, the District shall not, at any time prior to the earlier of the final stated maturity or final payment of the Bonds, directly or indirectly invest Gross Proceeds of the Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the regulations and rulings thereunder, the District shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the regulations and rulings thereunder.

(g) Information Report. The District shall timely file with the Secretary of the Treasury the information required by Section 149(e) of the Code with respect to the Bonds on such forms and in such place as such Secretary may prescribe.

(h) Payment of Rebate Amount. Except to the extent otherwise provided in Section 148(f) of the Code and the regulations and rulings thereunder, the District shall:

(1) account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of such accounting for at least six years after the final Computation Date. The District may, however, to the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the District, provided that the District separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith,

(2) calculate the Rebate Amount with respect to the Bonds not less frequently than each Computation Date, in accordance with rules set forth in Section 148(f) of the Code, Section 1.148-3 of the Regulations, and the rulings thereunder. The District shall maintain a copy of such calculations for at least three years after the final Computation Date,

(3) as additional consideration for the purchase of the Bonds by the initial purchasers thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by Section 148(f) of the Code and the regulations and rulings thereunder, and

(4) exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, the District shall not, at any time after the Issue Date of the Bonds and prior to the earlier of the final stated maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Not Hedge Bonds. The District will not invest more than 50 percent of the proceeds of the Bonds, in Nonpurpose Investments having a guaranteed yield for four years or more. On the Issue Date of the Bonds, the District will reasonably expect that at least 85 percent of the Net Sale Proceeds of the Bonds, would be used to carry out the governmental purpose of such series within three years after the Issue Date of such series.

29. Official Statement. The District ratifies and confirms the form and content of the Preliminary Official Statement prepared in the initial offering of the Bonds and hereby authorizes and approves the amendment of the Preliminary Official Statement to add the terms of the Initial Purchaser's bid and to make any other changes necessary to comply with the provisions of this Resolution and existing law. The use of such final Official Statement in the reoffering of the Bonds by the Initial Purchaser is hereby approved and authorized. The proper officials of the District are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

30. Continuing Disclosure Undertaking.

(a) The District shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of each fiscal year, financial information and operating data with respect to the District of the general type included in the Official Statement

in Tables 1 through 12 and Appendix A. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in the audited financial statements attached as Appendix A to the Official Statement and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB, and audited financial statements when and if audited financial statements become available.

If the District changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC.

(b) The District shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, 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;

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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) The appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, 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, any of which reflect financial difficulties.

For these purposes, (a) any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in the (15) and (16) of the immediately preceding paragraph to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. The District shall notify the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Section by the time required by such Section.

The District shall also notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Section by the time required by this Section.

All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the District in any event will give the notice required by this Section of any Bond calls and defeasance that cause the District to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District

undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall constitute a breach of or default under the Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time 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 type of operations of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (i) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (ii) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Bonds. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The District may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the District also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (x) such provisions as so amended and (y) any amendments or interpretations of the Rule. Related Matters. To satisfy in a timely manner all of the District's obligations under this Resolution, the Vice

President and Assistant Secretary of the Board of Directors of the District and all other appropriate officers and agents of the District are hereby authorized and directed to do any and all things necessary and/ or convenient to carry out the terms and purposes of this Resolution.

31. Related Matters. To satisfy in a timely manner all of the District's obligations under this Resolution, the Vice President and Assistant Secretary of the Board of Directors of the District and all other appropriate officers and agents of the District are hereby authorized and directed to do any and all things necessary and/ or convenient to carry out the terms and purposes of this Resolution.

32. Resolution a Contract - Amendments. This Resolution shall constitute a contract with the Owners from time to time, be binding on the District, and shall not be amended or repealed by the District so long as any Bond remains Outstanding except as permitted in this Section. The District may, without the consent of or notice to any Owners, from time to time and at any time, amend this Resolution in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the District may, with the consent of Resolution who own in the aggregate a majority of the principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Owners of Outstanding Bonds, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of or interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

33. Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the Vice President of the Board is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Resolution and in the form of the documents attached hereto as exhibits as, in the judgment of the Vice President and Bond Counsel to the District, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the final Official Statement, or as may be required for approval of the Bonds by the Attorney General of Texas; provided, however, that any material changes to such documents resulting in substantive amendments to the terms and conditions of the Bonds or such documents shall be subject to the prior approval of the Board.

34. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the District are hereby authorized to execute such agreement for and on behalf of the District.

35. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any official or employee of the District or any person executing any Bonds.

36. District's Successors and Assigns. Whenever in this Resolution the District is named and referred to it shall be deemed to include its successors and assigns, and all covenants

and agreements in this Resolution by or on behalf of the District, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

37. Benefits of Resolution Provisions. Nothing in this Resolution or in the Bonds, expressed or implied, shall give or be construed to give any person, firm or corporation, other than the District, the Registrar and the Registered Owners, any legal or equitable right or claim under or in respect of this Resolution, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions contained in this Resolution or in the Bonds being for the sole benefit of the District, the Registrar and the Registered Owners.

38. Severability Clause. If any word, phrase, clause, sentence, paragraph, section or other part of this Resolution, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Resolution and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Resolution to any other persons or circumstances shall not be affected thereby.

39. Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

EXECUTION PAGE FOLLOWS

PASSED AND APPROVED on this __ day of _____, 2026.

s/_____
Vice President, Board of Directors

ATTEST:

Assistant Secretary, Board of Directors

(SEAL)

EXHIBIT A

FORM OF MUNICIPAL BOND POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)

SPECIMEN

APPENDIX C

Specimen Municipal Bond Insurance Policy



BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN