OFFICIAL STATEMENT DATED AUGUST 26, 2026

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

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry Only

Insured Rating (BAM): S&P "AA" (stable outlook)
Underlying Rating: Moody's "Baa3"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$8,000,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
(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. 451 (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 INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Dated Date: September 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. (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 September 29, 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

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2028	$ 195,000	6.750 %	3.05 %	41422V EQ4	2040	$ 345,000 (a)	4.500 %	4.55 %	41422V FC4
2029	205,000	6.750	3.10	41422V ER2	2041	365,000 (a)	4.500	4.65	41422V FD2
2030	215,000	6.750	3.20	41422V ES0	2042	380,000 (a)	4.500	4.70	41422V FE0
2031	225,000	6.750	3.30	41422V ET8	2043	400,000 (a)	4.500	4.75	41422V FF7
2032	235,000	6.750	3.40	41422V EU5	2044	420,000 (a)	4.500	4.80	41422V FG5
2033	245,000 (a)	6.750	3.50	41422V EV3	2045	440,000 (a)	4.500	4.85	41422V FH3
2034	260,000 (a)	5.625	3.60	41422V EW1	2046	465,000 (a)	4.500	4.90	41422V FJ9
2035	270,000 (a)	4.250	4.00	41422V EX9	2047	490,000 (a)	4.500	4.95	41422V FK6
2036	285,000 (a)	4.250	4.15	41422V EY7	2048	510,000 (a)	4.500	5.00	41422V FL4
2037	300,000 (a)	4.250	4.25	41422V EZ4	2049	540,000 (a)	4.500	5.00	41422V FM2
2038	315,000 (a)	4.250	4.35	41422V FA8	2050	565,000 (a)	4.500	5.00	41422V FN0
2039	330,000 (a)	4.375	4.45	41422V FB6					

(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. See "THE BONDS—Redemption Provisions."

(b) 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. Yields on bonds priced at a premium are calculated to the earlier of maturity or the first optional redemption date.

(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

The Bonds 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 Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Bracewell LLP, Houston, Texas, Disclosure Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about September 29, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

This OFFICIAL STATEMENT contains "forward-looking" statements. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

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") 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 B—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 SAMCO Capital Markets, Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.0069% of the par value thereof, which resulted in a net effective interest rate of 4.801285%, 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

Description... The District is a political subdivision of the State of Texas, created by order of the Texas Commission on Environmental Quality (the "TCEQ"), on July 12, 2007, 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 presently contains approximately 203 acres of land. See "THE DISTRICT."

Location... The District is located in southern Harris County approximately 7 miles south of downtown Houston, Texas. Access to the District is provided via Texas State Highway 288 to Reed Road or Airport Boulevard. The District is bordered on the south by Airport Boulevard, on the north by Reed Road, on the east by residential developments, and on the west by Texas State Highway 288. The District lies entirely within the corporate limits of the City of Houston, Texas (the "City") and Houston Independent School District. See "AERIAL PHOTOGRAPH."

The Developers and Major Property Owners... D.R. Horton Texas Ltd., a Texas limited partnership ("D.R. Horton Texas") has developed approximately 55 acres within the District as Grand West, Sections One, Three and Four (409 single-family residential lots). In addition, D.R. Horton Texas is developing approximately 15 acres (119 single-family residential lots) where construction is underway with expected completion by the fourth quarter of 2026. D.R. Horton Texas does not own any additional undeveloped but developable land within the District.

DHIR – Houston South I LLC, a Delaware limited liability company ("DHIR – Houston South") has developed approximately 17 acres within the District as The Oaks at Grand West as a single-family residential rental community consisting of 147 single-family residential lots. In December 2025, DHIR – Houston South sold the single-family residential lots and rental homes to FC Grand West Property LLC ("FC Grand West"). It is expected that title to completed lots and homes will remain under FC Grand West or another entity rather than being sold to homebuilders or individual homeowners. It is anticipated that FC Grand West will continue to be a principal taxpayer as long as FC Grand West continues to own and lease such rental homes. DHIR – Houston South has completed development of the land it owned within the District and does not own any land for future development. See "INVESTMENT CONSIDERATIONS—Rental Homes."

D.R. Horton Texas and DHIR – Houston South are collectively referred to herein as the "Developers." The Developers are special purpose entities of DRHI, Inc., a Delaware corporation, which is a wholly owned subsidiary of D.R. Horton, Inc. ("D.R. Horton"), a Delaware corporation and publicly held company, the stock of which is listed on the New York Stock Exchange under the ticker symbol "DHI."

Cypress Creek Reed Road LP owns approximately 10 acres where a 140-unit multi-family apartment community known as Cypress Creek Apartments at Reed Road has been constructed. Such apartments were funded and constructed under a federal low-income housing tax credit program. Pursuant to Section 11.1825 of the Texas Tax Code, such apartments are entitled to an exemption from ad valorem taxes equal to fifty percent (50%) of the assessed value thereof if granted by the governing body of the applicable taxing jurisdiction. See "TAX DATA—Principal Taxpayers."

NP Park 288 LLC, an affiliate of AEW Capital Management, L.P. ("AEW") owns approximately 33 acres of land in the District upon which five industrial warehouse buildings have been constructed. The five industrial warehouse buildings consist of an aggregate of approximately 552,000 square feet. AEW is a global real estate investment firm with its North American Operations headquartered in Boston, Massachusetts.

DFH Ventures LLC, an affiliate of DiMare Fresh Houston, owns a 110,000 square foot cold storage facility that is constructed on approximately 10 acres of land in the District.

Park South Owner Corp. owns approximately 5 acres of land within the District where an approximately 32,000 square-foot office warehouse facility has been constructed.

Davis Hartless LLC owns approximately 5 acres of land in the District where an approximately 41,000 square-foot office warehouse facility has been constructed.

Dowa Line America Co. Ltd. owns approximately 3 acres of land in the District where an approximately 28,000 square-foot office warehouse facility has been constructed.

GNM Interests LP owns approximately 5 acres of land in the District served by perimeter underground trunkline water, wastewater and drainage facilities for future development. The District is not aware of any development plans on such acreage as of the date hereof.

Stuart Shaw Family Partnership owns approximately 4 acres of land in the District served by perimeter underground trunkline water, wastewater and drainage facilities for future development. The District is not aware of any development plans on such acreage as of the date hereof.

See "THE DEVELOPERS AND MAJOR PROPERTY OWNERS," "TAX DATA—Principal Taxpayers" and "INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers."

Status of Development... Underground utilities and paving are complete for Grand West, Sections One, Three and Four (409 single-family residential lots on approximately 55 acres) and The Oaks at Grand West (147 single-family residential rental lots on approximately 17 acres) in the District. As of July 7, 2026, 340 homes were completed (337 occupied), 29 homes under construction or in the name of a builder, and 40 lots were available for home construction in Grand West, Sections One, Three and Four. In addition, construction for 119 single-family residential lots is underway on approximately 15 acres with completion expected by the fourth quarter of 2026. As of July 9, 2026, 147 rental homes were completed (136 occupied) in The Oaks at Grand West. The rental homes in The Oaks at Grand West have an approximate square footage between 1,820 square feet and 2,054 square feet and monthly rental rates for homes range from approximately $2,500 to $2,750. See "THE DISTRICT—Status of Development" and "INVESTMENT CONSIDERATIONS—Rental Homes."

The Cypress Creek Apartments at Reed Road, an apartment community consisting of 140 units, has been constructed on approximately 10 acres within the District. The Cypress Creek Apartments at Reed Road were funded and constructed under a federal low-income housing tax credit program. Pursuant to Section 11.1825 of the Texas Tax Code, such apartments are entitled to an exemption from ad valorem taxes equal to fifty percent (50%) of the assessed value thereof if granted by the governing body of the applicable taxing jurisdiction.

Commercial development in the District consists of approximately 673,600 square feet of office/warehouse facilities constructed on approximately 61 acres. The facilities include nine buildings occupied by various businesses including Loomis Armored Services, Land 'N' Sea Distributing Inc., JDS Industries, Sharps Bedrooms, Andon Energy Services, Far East Marine Services, DHI Telecom Group and various other industrial and distribution companies. One of the office/warehouse buildings is owned by The Houston Museum of Fine Arts and is exempt from ad valorem taxation by the District. Additionally, an approximately 110,000 square foot cold storage facility, occupied by DiMare Fresh, is constructed on approximately 10 acres and a Family Dollar store is constructed on approximately one acre. There are approximately 9 acres within the District served by perimeter underground trunkline water, wastewater and drainage facilities for future commercial development. See "TAX DATA—Principal Taxpayers" and "INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers."

The District also contains approximately 25 acres that are undevelopable consisting of drainage easements, rights-of-way, parks, recreational and open. See "THE DISTRICT—Land Use" and "—Status of Development."

Homebuilding... Active homebuilding within the District is currently being conducted by D.R. Horton. According to D.R. Horton, new homes in the District range in price from approximately $295,000 to $320,000. See "THE DISTRICT—Homebuilding."

Water and Wastewater... Water supply and wastewater treatment for the properties in the District are provided by the City, and all revenues from the collection of charges for water and sewer services are paid directly to the City. See "THE DISTRICT—City of Houston" and "THE SYSTEM." The District currently receives water supply and wastewater treatment services from the City pursuant to the provisions of the City's in-city municipal utility district consent conditions, under which all revenues from the collection of water and wastewater services are paid to the City.

Principal Taxpayers... NP Park 288 LLC is the principal taxpayer representing $53,750,000 (26.85%) of the 2025 Certified Taxable Assessed Valuation within the District. FC Grand West Property LLC is the second largest taxpayer within the District representing $26,656,940 (13.32%) of the 2025 Certified Taxable Assessed Valuation. DFH Ventures LLC is the third largest taxpayer within the District representing $17,863,744 (8.92%) of the 2025 Certified Taxable Assessed Valuation. See "THE DEVELOPERS AND MAJOR PROPERTY OWNERS," "TAX DATA—Principal Taxpayers" and "INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers."

Payment Record... The District has previously issued $20,300,000 principal amount of unlimited tax bonds for water, wastewater and drainage facilities in four series and $2,905,000 principal amount of unlimited tax refunding bonds in one series, of which $17,705,000 principal amount of which remains outstanding as of the date hereof (the "Outstanding Bonds"). The Bonds (defined below) are the District's fifth issuance of unlimited tax bonds for water, wastewater and drainage facilities. The District has never defaulted on its debt obligations. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

THE BONDS

Description... The $8,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are being issued as fully-registered bonds pursuant to a resolution authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in each of the years 2028 through 2050, both inclusive, in the principal amounts and accrue 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 September 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."

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

Redemption... 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. See "THE BONDS—Redemption Provisions."

Use of Proceeds... Proceeds of the Bonds will be used to pay for construction costs shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, proceeds of the Bonds will be used to pay interest on funds advanced by the Developers on behalf of the District; and to pay administrative and certain other costs and engineering fees related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Authority for Issuance...	The Bonds are the fifth series of bonds issued out of an aggregate of $45,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of purchasing and constructing a water, wastewater and/or storm drainage system and for refunding purposes. The voters of the District have also approved $4,500,000 principal amount of unlimited tax bonds for parks and recreational facilities and for refunding purposes and $6,645,000 principal amount of unlimited tax bonds for roads and for refunding purposes, none of which have been issued to date. The Bonds are issued by the District pursuant to an order of the TCEQ, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, a bond election held in the District on November 6, 2007 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."
Source of Payment...	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, against 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 Payment."
Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring 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"). Moody's Investors Service, Inc. ("Moody's") has assigned an underlying rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE," and "APPENDIX B."
Qualified Tax-Exempt Obligations...	The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations."
Bond Counsel...	Allen Boone Humphries Robinson 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...	Bracewell LLP, Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A. 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	$200,159,314	(a)
2026 Preliminary Taxable Assessed Valuation	$298,774,151	(b)
Estimated Taxable Assessed Valuation as of June 1, 2026	$301,177,431	(c)
Gross Direct Debt Outstanding (after issuance of the Bonds)	$25,705,000	(d)
Estimated Overlapping Debt	5,167,252	(e)
Gross Direct Debt and Estimated Overlapping Debt	$30,872,252	
Ratios of Gross Direct Debt to:		
2026 Preliminary Taxable Assessed Valuation	8.60%	
Estimated Taxable Assessed Valuation as of June 1, 2026	8.53%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Preliminary Taxable Assessed Valuation	10.33%	
Estimated Taxable Assessed Valuation as of June 1, 2026	10.25%	
Capital Projects Funds Available as of July 22, 2026	$ 178,181	
Debt Service Funds Available as of July 22, 2026	$1,049,275	(f)
Operating Funds Available as of July 22, 2026	$1,806,892	
2025 Debt Service Tax Rate	$0.58	
2025 Maintenance and Operations Tax Rate	0.32	
2025 Total Tax Rate	$0.90	
Average Annual Debt Service Requirement (2027-2050)	$1,700,209	(g)
Maximum Annual Debt Service Requirement (2028)	$1,939,750	(g)
Tax Rates Required to Pay Average Annual Debt Service (2027-2050) at a 95% Collection Rate		
Based upon 2026 Preliminary Taxable Assessed Valuation	$0.60	(h)
Based upon Estimated Taxable Assessed Valuation as of June 1, 2026	$0.60	(h)
Tax Rates Required to Pay Maximum Annual Debt Service (2028) at a 95% Collection Rate		
Based upon 2026 Preliminary Taxable Assessed Valuation	$0.69	(h)
Based upon Estimated Taxable Assessed Valuation as of June 1, 2026	$0.68	(h)
Status of Development as of July 7, 2026 (i):		
Grand West:		
Total Developed Single-Family Residential Lots	409	
Completed Single-Family Residential Homes (337 Occupied)	340	
Single-Family Residential Homes Under Construction or in the Name of a Homebuilder	29	
Single-Family Residential Lots Available for Home Construction	40	
Single-Family Residential Lots Under Construction	119	
Status of Development as of July 9, 2026 (i):		
The Oaks at Grand West:		
Total Rental Single-Family Lots	147	
Total Rental Single-Family Homes Completed (136 Occupied)	147	
Multi-Family Units	140	
Estimated Population	1,936	(j)

(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 amount is subject to review and downward adjustment prior to certification. Such amount includes the 2026 preliminary real property value in the amount of $255,134,449 and the 2025 certified personal property value in the District in the amount of $43,639,702. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."

(c) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable value within the District on June 1, 2026. Increases in value that occur between January 1, 2026, and June 1, 2026, will be certified as of January 1, 2027. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."

(d) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

(e) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."

(f) Neither Texas law nor the Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund.

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

(h) See "TAX DATA—Tax Adequacy for Debt Service."

(i) See "THE DISTRICT—Land Use" and "—Status of Development."

(j) Estimate based upon 3.5 persons per occupied single-family residence and 2 persons per multi-family unit.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451

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

$8,000,000

UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 451 (the "District") of its $8,000,000 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, an election held in the District on November 6, 2007 (the "Election"), a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), and an order of the Texas Commission on Environmental Quality (the "TCEQ").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, D.R. Horton Texas Ltd., a Texas limited partnership ("D.R. Horton Texas"), DHIR – Houston South I LLC, a Delaware limited liability company ("DHIR – Houston South") (D.R. Horton Texas and DHIR – Houston South are collectively referred to herein as the "Developers"), other major property owners and development activity in the District. See "THE DEVELOPERS AND MAJOR PROPERTY OWNERS." All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District by request made to Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 upon payment of the costs of duplication therefor.

THE BONDS

Description

The Bonds will be dated September 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. 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 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 (the "City") or any entity other than the District.

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 from the sale of the Bonds shall be deposited into the Capital Projects Fund, to be used for the purpose of reimbursing the Developers for certain construction costs, to pay interest to the Developers for funds previously expended and to pay the costs of issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto. 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.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants 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.

Redemption Provisions

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 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 November 6, 2007, the voters of the District authorized the issuance of a total of $45,000,000 principal amount of unlimited tax bonds for purchasing and constructing a water, wastewater and/or storm drainage system, and for refunding purposes. The Bonds are issued pursuant to such authorization. See "—Issuance of Additional Debt" herein.

The TCEQ has authorized the District to sell the Bonds subject to certain restrictions, including the use of Bond proceeds as summarized in "USE AND DISTRIBUTION OF BOND PROCEEDS."

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, 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 suitability of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT.

Registration and Transfer

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

In the event the Book-Entry-Only System should be discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

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

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

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

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

After issuance of the Bonds, the District will have $16,700,000 principal amount of unlimited tax bonds authorized but unissued for purchasing and constructing a water, wastewater and/or storm drainage system and for refunding purposes, $6,645,000 principal amount of unlimited tax bonds authorized but unissued for road facilities and for refunding purposes, and $4,500,000 principal amount of unlimited tax bonds authorized but unissued for park and recreational facilities and for refunding purposes. The Bond Resolution imposes no limitation on the amount of additional ad valorem tax bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. The District expects to issue additional bonds in order to reimburse the Developers and other property owners within the District that have entered into development financing agreements with the District for the costs of water, wastewater and/or storm drainage system improvements constructed in the District. See “THE DEVELOPERS AND MAJOR PROPERTY OWNERS” and “INVESTMENT CONSIDERATIONS—Future Debt.”

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling such an election at this time.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has prepared a detailed park plan and voters in the District authorized the issuance of $4,500,000 for park and recreational facilities. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park projects and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such 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 greater than three percent (3%) of the value of the taxable property in the District..

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

Dissolution by the City of Houston

The District is located in the corporate limits of the City. The City may dissolve the District without the District’s consent. If the District is dissolved, the City will assume the District’s assets and obligations (including the Bonds). Dissolution of a district by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever dissolve the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should dissolution occur. See “THE DISTRICT—City of Houston” for a discussion of certain limitations on the City’s right to dissolve the District.

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning the Depository Trust Company, New York, New York ("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 Benchmark Engineering Corporation, the District's engineer (the "Engineer"). Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor. 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		
• Grand West Section One - Water, Sewer and Drainage	$	186,680
• Grand West Section Two - Water, Sewer and Drainage		1,044,790
• Grand West Section Three - Water, Sewer and Drainage		1,176,726
• Grand West Section Four - Water, Sewer and Drainage		995,653
• Grand West Clearing and Demolition		240,769
• Park South View Phase One and Jipsie Lane - Water, Sewer and Drainage		2,087,939
• Engineering		628,938
Total Construction Costs	**$**	**6,361,495**
NON-CONSTRUCTION COSTS		
• Bond Discount (a)	$	239,450
• Developer Interest (Estimated)		903,085
Total Non-Construction Costs	**$**	**1,142,535**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	397,420
• Bond Application Report		70,000
• State Regulatory Fees		28,000
• Contingency (a)		550
Total Issuance Costs and Fees	**$**	**495,970**
TOTAL BOND ISSUE	**$**	**8,000,000**

(a) The TCEQ approved a maximum Bond Discount of 3.00%. Contingency represents the difference in the estimated and actual Bond 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 is a municipal utility district created by order of the TCEQ dated July 12, 2007, and operates under Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District is located wholly within the corporate limits of the City and within Houston Independent School District.

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

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

Location of District

The District contains approximately 203 acres of land and is located in southern Harris County approximately 7 miles south of downtown Houston, Texas. Access to the District is provided by Texas State Highway 288 to Reed Road or Airport Boulevard. The District is bordered on the south by Airport Boulevard, on the north by Reed Road, on the east by residential developments, and on the west by Texas State Highway 288. The District lies entirely within the corporate limits of the City and within Houston Independent School District. See "AERIAL PHOTOGRAPH."

Land Use

The District currently includes approximately 55 acres developed as 409 single-family residential lots, approximately 15 acres under construction for the development of 119 single-family residential lots, approximately 17 acres developed as 147 single-family residential rental lots, approximately 10 acres of multi-family development, approximately 81 acres of commercial development and approximately 25 acres that are undevelopable consisting of drainage easements, rights-of-way, parks, recreational and open space. The table below represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots/Units
Grand West:		
Section One	23	154
Section Three	19	144
Section Four	13	111
Section Five (a)	15	119
Subtotal	70	528
The Oaks at Grand West (b)	17	147
Subtotals	87	675
Multi-Family	10	140
Commercial (c)	81	---
Undevelopable (d)	25	---
Totals	203	815

(a) Construction is underway with expected completion by the fourth quarter of 2026.
(b) Homes in The Oaks at Grand West are constructed as a single-family residential rental community. See "INVESTMENT CONSIDERATIONS—Rental Homes."
(c) Includes approximately 9 acres within the District served by perimeter underground trunkline water, wastewater and drainage facilities for future commercial development.
(d) Represents drainage easements, rights-of-way, parks, recreational and open space.

Status of Development

Underground utilities and paving are complete for Grand West, Sections One, Three and Four (409 single-family residential lots on approximately 55 acres) and The Oaks at Grand West (147 single-family residential rental lots on approximately 17 acres) in the District. As of July 7, 2026, 340 homes were completed (337 occupied), 29 homes under construction or in the name of a builder and 40 lots were available for home construction in Grand West, Sections One, Three and Four. In addition, construction for 119 single-family residential lots is underway on approximately 15 acres with completion expected by the fourth quarter of 2026. As of July 9, 2026, 147 rental homes were completed (136 occupied) in The Oaks at Grand West. The rental homes in The Oaks at Grand West have an approximate square footage between 1,820 square feet and 2,054 square feet and monthly rental rates for homes range from approximately $2,500 to $2,750. See "INVESTMENT CONSIDERATIONS—Rental Homes."

The Cypress Creek Apartments at Reed Road, an apartment community consisting of 140 units, has been constructed on approximately 10 acres within the District. The Cypress Creek Apartments at Reed Road were funded and constructed under a federal low-income housing tax credit program. Pursuant to Section 11.1825 of the Texas Tax Code, such apartments are entitled to an exemption from ad valorem taxes equal to fifty percent (50%) of the assessed value thereof if granted by the governing body of the applicable taxing jurisdiction.

Commercial development in the District consists of approximately 673,600 square feet of office/warehouse facilities constructed on approximately 61 acres. The facilities include nine buildings occupied by various businesses including Loomis Armored Services, Land ‘N’ Sea Distributing Inc., JDS Industries, Sharps Bedrooms, Andon Energy Services, Far East Marine Services, DHI Telecom Group and various other industrial and distribution companies. One of the office/warehouse buildings is owned by The Houston Museum of Fine Arts and is exempt from ad valorem taxation by the District. Additionally, an approximately 110,000 square foot cold storage facility, occupied by DiMare Fresh, is constructed on approximately 10 acres and a Family Dollar store is constructed on approximately one acre. There are approximately 9 acres within the District served by perimeter underground trunkline water, wastewater and drainage facilities for future commercial development. See “TAX DATA—Principal Taxpayers,” and “INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers.”

The District also contains approximately 25 acres of land drainage easements, rights-of-way, parks, recreational and open space.

Homebuilding

Active homebuilding within the District is currently being conducted by D.R. Horton (as defined herein). According to D.R. Horton (as defined herein), new homes in the District range in price from approximately $295,000 to $320,000. See “THE DEVELOPERS AND MAJOR PROPERTY OWNERS.”

City of Houston

On June 22, 2021, GNM Interests, LP paid impact fees for a total of 710 equivalent single-family connections. On April 13, 2022, 680 of these equivalent single-family connections were transferred to the Developers. Two separate commitment letters were issued for development of these 680 connections to the Developers, on January 10, 2024 for 301 connections for Grand West, Sections One and The Oaks at Grand West, and on March 19, 2024 for 379 connections for Grand West, Sections Three through Five. Of the original 710 equivalent single-family connections, GNM Interests, LP owns 30 equivalent single-family connections for future commercial development.

Currently, the City accepts facilities from the District, bills customers served by those facilities, and retains all revenues, including tap fees collected in connection with the City’s applicable water and wastewater rates.

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 May in even numbered years only. None of the Board members reside within the District; however, all of the Board members own land within the District subject to a note and deed of trust in favor of a previous developer. Directors have staggered four-year terms. The current members and officers of the Board, along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Zar Garcia	President	May 2030
Carlos Castellanos	Vice President	May 2028
Dana Sharbonno	Secretary	May 2028
Carlous Smith	Assistant Vice President	May 2030
Mauricio Handal	Assistant Secretary	May 2030

District Consultants

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

Bond Counsel/Attorney: The District has engaged Allen Boone Humphries Robinson LLP as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The 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 Bracewell 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 District's audited financial statement for the fiscal year ending March 31, 2026, was prepared by McCall Gibson Swedlund Barfoot Ellis, PLLC, Certified Public Accountants. See "APPENDIX A."

Engineer: The District engineer is Benchmark Engineering Corporation (the "Engineer").

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 Myrtle Cruz, Inc. (the "Bookkeeper") for bookkeeping services.

THE DEVELOPERS AND MAJOR PROPERTY OWNERS

General

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

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

D.R. Horton Texas Ltd.

D.R. Horton Texas Ltd., a Texas limited partnership ("D.R. Horton Texas") has developed approximately 55 acres within the District as Grand West, Sections One, Three and Four (409 single-family residential lots). In addition, D.R. Horton Texas is developing approximately 15 acres (119 single-family residential lots) where construction is underway with expected completion by the fourth quarter of 2026. D.R. Horton Texas does not own any additional undeveloped but developable land within the District.

DHIR – Houston South I LLC

DHIR – Houston South I LLC, a Delaware limited liability company ("DHIR – Houston South") has developed approximately 17 acres within the District as The Oaks at Grand West as a single-family residential rental community consisting of 147 single-family residential lots. In December 2025, DHIR – Houston South sold the single-family residential lots and rental homes to FC Grand West Property LLC ("FC Grand West"). It is expected that title to completed lots and homes will remain under FC Grand West or another entity rather than being sold to homebuilders or individual homeowners. It is anticipated that FC Grand West will continue to be a principal taxpayer as long as FC Grand West continues to own and lease such rental homes. See "INVESTMENT CONSIDERATIONS—Rental Homes." DHIR – Houston South has completed development of the land it owned within the District and does not own any land for future development.

D.R. Horton Texas and DHIR – Houston South are special purpose entities of DRHI, Inc., a Delaware corporation, which is a wholly owned subsidiary of D.R. Horton, Inc. ("D.R. Horton"), a Delaware corporation and publicly held company, the stock of which is listed on the New York Stock Exchange under the ticker symbol "DHI."

Major Property Owners

NP Park 288 LLC, an affiliate of AEW Capital Management, L.P. ("AEW") owns approximately 33 acres of land in the District upon which five industrial warehouse buildings have been constructed. The five industrial warehouse buildings consist of an aggregate of approximately 552,000 square feet. AEW is a global real estate investment firm with its North American Operations headquartered in Boston, Massachusetts.

DFH Ventures LLC, an affiliate of DiMare Fresh Houston, owns a 110,000 square foot cold storage facility that is constructed on approximately 10 acres of land in the District.

Cypress Creek Reed Road LP owns approximately 10 acres where a 140-unit multi-family apartment community known as Cypress Creek Apartments at Reed Road has been constructed. Such apartments were funded and constructed under a federal low-income housing tax credit program. Pursuant to Section 11.1825 of the Texas Tax Code, such apartments are entitled to an exemption from ad valorem taxes equal to fifty percent (50%) of the assessed value thereof if granted by the governing body of the applicable taxing jurisdiction. See "TAX DATA—Principal Taxpayers."

Park South Owner Corp. owns approximately 5 acres of land within the District where an approximately 32,000 square-foot office warehouse facility has been constructed.

Davis Hartless LLC owns approximately 5 acres of land in the District where an approximately 41,000 square-foot office warehouse facility has been constructed.

Dowa Line America Co. Ltd. owns approximately 3 acres of land in the District where an approximately 28,000 square-foot office warehouse facility has been constructed.

GNM Interests LP owns approximately 5 acres of land in the District served by perimeter underground trunkline water, wastewater and drainage facilities for future development. The District is not aware of any development plans on such acreage as of the date hereof.

Stuart Shaw Family Partnership owns approximately 4 acres of land in the District served by perimeter underground trunkline water, wastewater and drainage facilities for future development. The District is not aware of any development plans on such acreage as of the date hereof. See "TAX DATA—Principal Taxpayers" and "INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers."

THE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the City, TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the City. The City and the Texas Department of Health also exercise regulatory jurisdiction over the District's water and wastewater system. See "INVESTMENT CONSIDERATIONS—Environmental and Air Quality Regulations."

Water Supply and Wastewater Treatment

Currently, District customers receive their water supply and wastewater treatment directly from the City pursuant to the terms of the City's in-city municipal utility district consent conditions. By letter agreements dated June 9, 2006, June 22, 2021 and January 10, 2024 with the GNM Interests L.P., previous developers and the Developers, the City has allocated water supply and wastewater treatment capacity to the District in an amount adequate to serve 1,120 equivalent single-family connections, which the District's Engineer has indicated sufficient to meet projected ultimate build-out of the District. As of July 1, 2026, the District has paid impact fees to the City for water supply and wastewater treatment capacity to serve 1,120 equivalent single-family connections.

Subsidence District Requirements

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. Because the District is served by the City with water, the District has no potable water well subject to regulation by the Subsidence District.

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 the District's Engineer, none of the developable acreage within the District planned for development is located within the 100-year flood plain.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Certified Taxable Assessed Valuation	$200,159,314	(a)
2026 Preliminary Taxable Assessed Valuation	$298,774,151	(b)
Estimated Taxable Assessed Valuation as of June 1, 2026	$301,177,431	(c)
Gross Direct Debt Outstanding (after issuance of the Bonds)	$25,705,000	(d)
Estimated Overlapping Debt	5,167,252	(e)
Gross Direct Debt and Estimated Overlapping Debt	$30,872,252	
Ratios of Gross Direct Debt to:		
2026 Preliminary Taxable Assessed Valuation	8.60%	
Estimated Taxable Assessed Valuation as of June 1, 2026	8.53%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Preliminary Taxable Assessed Valuation	10.33%	
Estimated Taxable Assessed Valuation as of June 1, 2026	10.25%	
Capital Projects Funds Available as of July 22, 2026	$ 178,181	
Debt Service Funds Available as of July 22, 2026	$1,049,275	(f)
Operating Funds Available as of July 22, 2026	$1,806,892	

(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 amount is subject to review and downward adjustment prior to certification. Such amount includes the 2026 preliminary real property value in the amount of $255,134,449 and the 2025 certified personal property value in the District in the amount of $43,639,702. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."
(c) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable value within the District on June 1, 2026. Increases in value that occur between January 1, 2026, and June 1, 2026, will be certified as of January 1, 2027. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."
(d) Includes the Bonds and the Outstanding Bonds. See "—Outstanding Bonds" herein.
(e) See "—Estimated Overlapping Debt" herein.
(f) Neither Texas law nor the Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund.

Investments of the District

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

Outstanding Bonds

The District has previously issued $20,300,000 principal amount of unlimited tax bonds for purchasing or constructing water, wastewater and/or storm drainage facilities in four series and $2,905,000 principal amount of unlimited tax refunding bonds in one series, of which $17,705,000 principal amount of which remains outstanding as of the date hereof (the "Outstanding Bonds").

Series		Original Principal Amount	Outstanding Bonds
2015		$ 3,550,000	$ -
2017		2,600,000	1,720,000
2019		1,000,000	525,000
2020	(a)	2,905,000	2,310,000
2025		13,150,000	13,150,000
Total		$ 23,205,000	$ 17,705,000

(a) Unlimited tax refunding bonds.

Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds and the Bonds.

Year	Outstanding Bonds Debt Service Requirements		Plus: Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2026	$ 655,893.75	(a)	$ -	$ -	$ -	$ 655,893.75
2027	1,355,052.50		-	359,009.58	359,009.58	1,714,062.08
2028	1,355,462.50		195,000	389,287.50	584,287.50	1,939,750.00
2029	1,349,517.50		205,000	376,125.00	581,125.00	1,930,642.50
2030	1,342,347.50		215,000	362,287.50	577,287.50	1,919,635.00
2031	1,339,017.50		225,000	347,775.00	572,775.00	1,911,792.50
2032	1,334,092.50		235,000	332,587.50	567,587.50	1,901,680.00
2033	1,329,777.50		245,000	316,725.00	561,725.00	1,891,502.50
2034	1,328,446.25		260,000	300,187.50	560,187.50	1,888,633.75
2035	1,335,933.75		270,000	285,562.50	555,562.50	1,891,496.25
2036	1,332,015.00		285,000	274,087.50	559,087.50	1,891,102.50
2037	1,331,286.25		300,000	261,975.00	561,975.00	1,893,261.25
2038	1,338,486.25		315,000	249,225.00	564,225.00	1,902,711.25
2039	1,332,756.25		330,000	235,837.50	565,837.50	1,898,593.75
2040	1,120,746.25		345,000	221,400.00	566,400.00	1,687,146.25
2041	968,006.25		365,000	205,875.00	570,875.00	1,538,881.25
2042	968,081.25		380,000	189,450.00	569,450.00	1,537,531.25
2043	971,731.25		400,000	172,350.00	572,350.00	1,544,081.25
2044	973,718.75		420,000	154,350.00	574,350.00	1,548,068.75
2045	974,043.75		440,000	135,450.00	575,450.00	1,549,493.75
2046	971,750.00		465,000	115,650.00	580,650.00	1,552,400.00
2047	972,750.00		490,000	94,725.00	584,725.00	1,557,475.00
2048	975,750.00		510,000	72,675.00	582,675.00	1,558,425.00
2049	976,500.00		540,000	49,725.00	589,725.00	1,566,225.00
2050	-		565,000	25,425.00	590,425.00	590,425.00
Total	$ 27,933,162.50		$ 8,000,000	$ 5,527,747.08	$ 13,527,747.08	$ 41,460,909.58

(a) Excludes the March 1, 2026 debt service payment of approximately $386,122.

Average Annual Debt Service Requirements (2027-2050) $1,700,209
Maximum Annual Debt Service Requirement (2028) $1,939,750

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County (a)………………………………………	$ 2,473,177,553	6/30/2026	0.03%	$ 741,953
Harris County Flood Control District………………..	937,165,000	6/30/2026	0.03%	281,150
Harris County Hospital District………………………	1,644,825,000	6/30/2026	0.03%	493,448
Harris County Department of Education……………..	28,960,000	6/30/2026	0.03%	8,688
Port of Houston Authority……………………………	386,074,397	6/30/2026	0.03%	115,822
City of Houston………………………………………	3,520,320,000	6/30/2026	0.06%	2,112,192
Houston Independent School District………………	1,282,135,000	6/30/2026	0.09%	1,153,922
Houston Community College…………………………	371,540,000	6/30/2026	0.07%	260,078
Total Estimated Overlapping Debt………………………………………………………………………				$ 5,167,252
The District…………………………………………..	25,705,000	(b)	100.00%	25,705,000
Total Direct and Estimated Overlapping Debt……. ……………………………………………………				$ 30,872,252

Direct and Estimated Overlapping Debt as a Percentage of:

2026 Preliminary Taxable Assessed Valuation of $298,774,151 .... 10.33%

Estimated Taxable Assessed Valuation as of June 1, 2026 of $301,177,431 .... 10.25%

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

(b) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the 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 overlapping taxing jurisdictions and the 2025 tax rate levied by 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.

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority)………………………………	$ 0.628928
Houston Independent School District………………………………………………	0.878300
City of Houston………………………………………………………………………	0.519190
Five Corners Improvement District…………………………………………………	0.100000
Houston City College…………………………………………………………………	0.098802
Total Overlapping Tax Rate…………………………………………………………	$ 2.225220
The District (a)………………………………………………………………………	0.900000
Total Tax Rate………………………………………………………………………	$ 3.125220

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

General Operating Fund

The District (or the Developers on behalf of the District) finances and constructs the water, wastewater, and storm drainage facilities and thereafter conveys such utilities to the City upon completion, subject to the District's capacity rights and the Developers' reimbursement rights. The System is owned, maintained, and operated by the City. The City charges and collects the fees associated with the System. The District receives no revenues from the operation of the System. Funds for the administration of the District are available from maintenance tax revenue. See "THE DISTRICT—City of Houston" and "TAX DATA—Historical Tax Rate Distribution."

The following statement sets forth in condensed form the General Operating Fund, as shown in the District's audited financial statements for fiscal years ended March 31, 2022 through March 31, 2026. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. See "APPENDIX A" for a copy of the District's audited financial statement.

	Fiscal Year Ended March 31				
	2026	2025	2024	2023	2022
Revenues					
Property Taxes	$ 536,601 (a)	$ 768,813	$ 700,957	$ 606,854	$ 684,580
Investment and Miscellaneous Revenues	91,666	76,149	43,405	20,485	18
Total Revenues	$ 628,267	$ 844,962	$ 744,362	$ 627,339	$ 684,598
Expenditures					
Professional Fees	$ 200,341	$ 156,399	$ 163,465	$ 130,135	$ 109,208
Contracted Services	18,725	19,300	18,675	17,450	13,686
Repairs and Maintenance	164,328	191,800	92,212	17,409	11,022
Other	57,164	66,245	59,912	56,733	53,685
Capital Outlay	-	-	226,419	228,211	286,154
Developer Interest	-	-	-	-	-
Total Expenditures	$ 440,558	$ 433,744	$ 560,683	$ 449,938	$ 473,755
Revenues Over (Under) Expenditures	$ 187,709	$ 411,218	$ 183,679	$ 177,401	$ 210,843
Other Financing Sources (Uses)					
Transfers In (Out)	$ -	$ 134	$ -	$ 39,409	$ 68,881
Developer Advances	-	-	-	-	371,262
Total Other Financing Sources (Uses)	$ -	$ 134	$ -	$ 39,409	$ 440,143
Fund Balance (Beginning of Year)	$ 1,665,324	$ 1,253,972	$ 1,070,293	$ 853,483	$ 202,497
Fund Balance (End of Year)	$ 1,853,033	$ 1,665,324	$ 1,253,972	$ 1,070,293	$ 853,483

(a) See "TAX DATA—Historical Tax Rate Distribution" for more information regarding the change in the District's maintenance and operations tax rate.

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 or the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Bonds. See "—Historical Tax Rate Distribution" below, "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

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 November 6, 2007, and voters of the District authorized the Board to levy a maintenance tax at a rate not to exceed $1.50 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" above.

Historical Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	$ 0.58	$ 0.30	$ 0.33	$ 0.37	$ 0.17
Maintenance and Operations	0.32	0.60	0.57	0.53	0.73
Total	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90

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 November 1 of that year, and that remain delinquent on October 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Historical Tax Collections

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

Tax Year	Certified Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy (b)	Total Collections as of June 30, 2026 (c) Amount	Percent
2021	$ 92,231,818	$ 0.90	$ 830,086	$ 830,086	100.00%
2022	105,949,273	0.90	953,543	953,543	100.00%
2023	121,550,758	0.90	1,093,957	1,093,950	99.99%
2024	129,815,009	0.90	1,168,335	1,168,042	99.97%
2025	200,159,314	0.90	1,801,434	1,783,237	98.99%

(a) Represents taxable assessed value as certified by the Appraisal District less any exemptions granted. See "—Tax Roll Information" herein for taxable assessed value and exemptions granted by the District.
(b) Represents actual tax levy, including any adjustments by the Appraisal District, as of the date hereof.
(c) Unaudited.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2021 through 2025 Certified Taxable Assessed Valuations. See "TAXING PROCEDURES." Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Accurate breakdowns related to the 2026 Preliminary Taxable Assessed Valuation of $298,774,151, which is under review and subject to adjustments and corrections, and the Estimated Taxable Assessed Valuation as of June 1, 2026 of $301,177,431 are not available as of the date hereof.

	2025 Certified Taxable Assessed Valuation	2024 Certified Taxable Assessed Valuation	2023 Certified Taxable Assessed Valuation	2022 Certified Taxable Assessed Valuation	2021 Certified Taxable Assessed Valuation
Land	$ 49,046,907	$ 49,644,324	$ 38,874,237	$ 31,031,850	$ 29,475,164
Improvements	129,109,921	76,633,065	74,209,452	69,372,790	63,035,303
Personal Property	43,639,702	26,276,059	21,408,738	19,183,675	6,148,016
Exemptions	(21,637,216)	(22,738,439)	(12,941,669)	(13,639,042)	(6,426,665)
Total	$ 200,159,314	$ 129,815,009	$ 121,550,758	$ 105,949,273	$ 92,231,818

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed value as a percentage of the 2025 Certified Taxable Assessed Valuation of $200,159,314. This represents ownership as of January 1, 2025. Accurate principal taxpayer lists related to the 2026 Preliminary Taxable Assessed Valuation of $298,774,151, which is under review and subject to adjustments and corrections, and the Estimated Taxable Assessed Valuation as of June 1, 2026 of $301,177,431 are not available as of the date hereof. See "INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers."

Taxpayer	Type	2025 Certified Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
NP Park 288 LLC (a)	Commercial	$ 53,750,000	26.85%
FC Grand West Property LLC (a)(b)	Land & Improvements	26,656,940	13.32%
DFH Ventures LLC (a)(c)	Commercial	17,863,744	8.92%
Land 'N' Sea Distributing, Inc.	Personal Property	7,253,716	3.62%
Get Fresh Produce LLC	Personal Property	6,483,411	3.24%
DR Horton Texas LTD (a)	Land	6,281,501	3.14%
Dowa Line America Co. LTD (a)	Commercial	5,235,230	2.62%
Cypress Creek Reed Road LP (a)(d)	Apartment Complex	5,107,679	2.55%
Davis Hartless LLC (a)	Commercial	4,971,983	2.48%
DiMare Fresh Inc. (c)	Personal Property	4,661,769	2.33%
Total		$ 138,265,973	69.08%

(a) See "THE DEVELOPERS AND MAJOR PROPERTY OWNERS."
(b) See "INVESTMENT CONSIDERATIONS—Rental Homes."
(c) Related entities. See "THE DEVELOPERS AND MAJOR PROPERTY OWNERS."
(d) Cypress Creek Reed Road LP owns Cypress Creek Apartments at Reed Road, which were funded and constructed under the federal low-income housing tax credit program and qualify for an exemption from ad valorem taxes equal to fifty percent (50%) of the assessed value thereof if granted by the governing body of the applicable taxing jurisdiction. According to the Appraisal District, the certified taxable assessed valuation reflects the taxable assessed valuation of the property following the application of the exemption. See "THE DISTRICT—Status of Development."

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 2026 Preliminary Taxable Assessed Valuation of $298,774,151, which is under review and subject to adjustments and corrections, and the Estimated Taxable Assessed Valuation as of June 1, 2026 of $301,177,431. 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 (2027-2050)	$1,700,209
$0.60 Tax Rate on the 2026 Preliminary Taxable Assessed Valuation	$1,703,013
$0.60 Tax Rate on the Estimated Taxable Assessed Valuation as of June 1, 2026	$1,716,711
Maximum Annual Debt Service Requirement (2028)	$1,939,750
$0.69 Tax Rate on the 2026 Preliminary Taxable Assessed Valuation	$1,958,465
$0.68 Tax Rate on the Estimated Taxable Assessed Valuation as of June 1, 2026	$1,945,606

No representation or suggestion is made that the 2026 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, and the Estimated Taxable Assessed Valuation as of June 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District and no person should rely upon such 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 Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. 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, and mobile homes, 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; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads 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 in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 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 assessor and collector 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 has never adopted an order granting a general residential homestead exemption.

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, 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 that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property that 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.

Tax Abatement

Harris County and/or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County and/or the City of Houston 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. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

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

Until December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,320,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

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 judication 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 jurisdiction's discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area, and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described 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 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. For tax year 2026, the District was designated as a "Developing District."

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 in the preceding section 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 Collections Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Harris County, the City, or any other political entity other than the District, will be secured by a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "—Registered Owners' Remedies and Bankruptcy Limitations" herein.

Dependence on Principal Taxpayers

NP Park 288 LLC is the principal taxpayer representing $53,750,000 (26.85%) of the 2025 Certified Taxable Assessed Valuation. FC Grand West Property LLC is the second largest taxpayer within the District representing $26,656,940 (13.32%) of the 2025 Certified Taxable Assessed Valuation. DFH Ventures LLC is the third largest taxpayer within the District representing $17,863,744 (8.92%) of the 2025 Certified Taxable Assessed Valuation. See "THE DEVELOPERS AND MAJOR PROPERTY OWNERS" and "TAX DATA—Principal Taxpayers." Approximately 49.10% of the District's certified taxable assessed valuation is concentrated in the top three taxpayers and approximately 69.08% of the District's certified taxable assessed valuation is concentrated in the top ten taxpayers.

The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis.

Dependence on Personal Property

Approximately 21.80% of the District's 2025 Certified Taxable Assessed Valuation is comprised of personal property. Effective January 1, 2026, a person is entitled to an exemption from taxation of $125,000 of the appraised value of tangible personal property used for the production of income. Additionally, beginning in tax year 2026, all intangible personal property is exempt from State taxation. See "TAXING PROCEDURES—Property Subject to Taxation by the District." Because personal property constitutes a significant portion of the District's tax base, these exemptions may reduce the District's taxable assessed valuation and ad valorem tax revenues in future tax years. The amount of personal property in the District may also change significantly on an annual basis.

Rental Homes

The Oaks at Grand West was developed as a rental home community by DHIR – Houston South. In December 2025, DHIR – Houston South sold the single-family residential lots and rental homes to FC Grand West. As a result, it is expected that title to completed lots and homes will remain under FC Grand West or another entity rather than being sold to homebuilders or individual homeowners. It is anticipated that FC Grand West will continue to be a principal taxpayer as long as FC Grand West continues to own and lease such rental homes. FC Grand West represents approximately 13.32% ($26,656,940) of the District's 2025 Certified Taxable Assessed Valuation of $200,159,314. See "—Dependence on Principal Taxpayers" herein and "TAX DATA—Principal Taxpayers."

FC Grand West, as the owner of such rental homes, is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the homes.

Undeveloped Acreage and Vacant Lots

As of July 7, 2026, there were 40 vacant developed lots available for home construction within the District. In addition, construction to serve an additional 119 single-family residential lots on approximately 15 acres is underway with completion expected by the fourth quarter of 2026. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation as to when the vacant lots will be sold, or the success of any homebuilding programs. Failure of the builders to construct homes on the vacant developed lots could restrict the growth rate of taxable values in the District. See "THE DISTRICT—Status of Development."

Landowner Obligation to the District

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value from commercial properties, single-family residences, rental homes and developed lots. 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 tracts and the construction of residential dwellings on vacant lots 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 could 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 development funding have a direct impact on the construction activity, particularly short-term interest rates at which a property developer is able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, 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 7 miles from the central downtown business district of the City, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of the City and decline in the nation's or the City's real estate and financial markets could adversely affect development in the District and restrain the growth of or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes and rental homes in the District, which is 7 miles from downtown Houston, could be affected by competition from other developments, including other residential developments located in the southern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developers in the sale of single-family residential homes within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Increase in Costs of Building Materials

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

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 2026 Preliminary Taxable Assessed Valuation is $298,774,151, which is subject to review and downward adjustment prior to certification. After issuance of the Bonds, the maximum annual debt service requirement will be $1,939,750 (2028), and the average annual debt service requirement will be $1,700,209 (2027-2050, inclusive). Assuming no increase or decrease from the 2026 Preliminary Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.69 and $0.60 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 Estimated Taxable Assessed Valuation as of June 1, 2026 is $301,177,431. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of June 1, 2026, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.68 and $0.60 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 average annual debt service requirement, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

No representation or suggestion is made that the 2026 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, or the Estimated Taxable Assessed Valuation as of June 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAX DATA—Tax Adequacy for Debt Service" and "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 Events

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

According to the District's engineer, the water and sewer system serving the District, which is owned and operated by the City, did not sustain any material damage and there was no interruption of water and sewer service during Hurricane Harvey. Further, the District was not notified of any structural flooding or other material damage in the District as a result of Hurricane Harvey.

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.

Future Debt

At elections held on November 6, 2007 and May 10, 2008, voters of the District approved (i) $45,000,000 in principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and/or storm drainage system and for refunding purposes, (ii) $6,645,000 in principal amount of unlimited tax bonds for the purpose of purchasing and constructing road facilities and for refunding purposes, and (iii) $4,500,000 in principal amount of unlimited tax for the purpose of purchasing and constructing parks and recreational facilities and for refunding purposes. The District reserves in the Bond Resolution the right to issue the remaining (i) $16,700,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of purchasing or constructing water, wastewater and/or storm drainage system and for refunding purposes that will be available following the issuance of the Bonds, (ii) $6,645,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of purchasing or constructing road facilities and refunding and (iii) $4,500,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of purchasing or constructing park and recreational facilities and refunding. In addition, the District may issue additional bonds secured by ad valorem taxes approved by the District voters in future elections. 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 greater than three percent (3%) of the value of the taxable property in the District. 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.

To date, the Developers have advanced certain funds for construction of utilities, roads and recreational facilities for which they have not been reimbursed. After the reimbursements are made with Bond proceeds, the District will owe approximately $8,800,000 plus interest to the Developers. Additionally, the District intends to issue additional bonds in order to reimburse the Developers for the current amount outstanding. The District does not employ any formula with respect to taxable assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. 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, wastewater and storm drainage facilities and parks 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."

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 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (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.

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

The 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.

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."

Cybersecurity

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

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 B—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 Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation 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 (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under "THE BONDS," "THE DISTRICT—General," and "—City of Houston," "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 or the Developers for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by Bracewell LLP, Disclosure Counsel. The fees paid to Disclosure Counsel for services rendered in connection with the Bonds 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 MATTERS

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

Tax Exemption

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

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

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

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

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

Qualified Tax-Exempt Obligations

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

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

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

Additional Federal Income Tax Considerations

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount: If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "—Tax Exemption" and "—Additional Federal Income Tax Considerations—*Collateral Tax Consequences*" and "—*Tax Legislative Changes*" generally apply and should be considered in connection with the discussion in this portion of the OFFICIAL STATEMENT.

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

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

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

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

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM"). Moody's Investors Service, Inc. ("Moody's") has assigned an underlying rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") 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 B 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.

<u>Build America Mutual Assurance Company</u>

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: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: https://bambonds.com.

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

BAM's financial strength is rated "AA/Stable" by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 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 June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 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 of 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 Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described under "—Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT, including the OFFICIAL 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 by Assessments of the Southwest, Inc., and is included herein in reliance upon the authority 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 Benchmark Engineering Corporation, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The District's audited financial statements for the year ended March 31, 2026, was prepared by McCall Gibson Swedlund Barfoot Ellis, PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's March 31, 2026, 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, annually to the MSRB through EMMA. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "—Estimated Overlapping Debt," "TAX DATA" and in "APPENDIX A" (Financial Statements of the District). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2027. Any financial statements so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable period to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other 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 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.

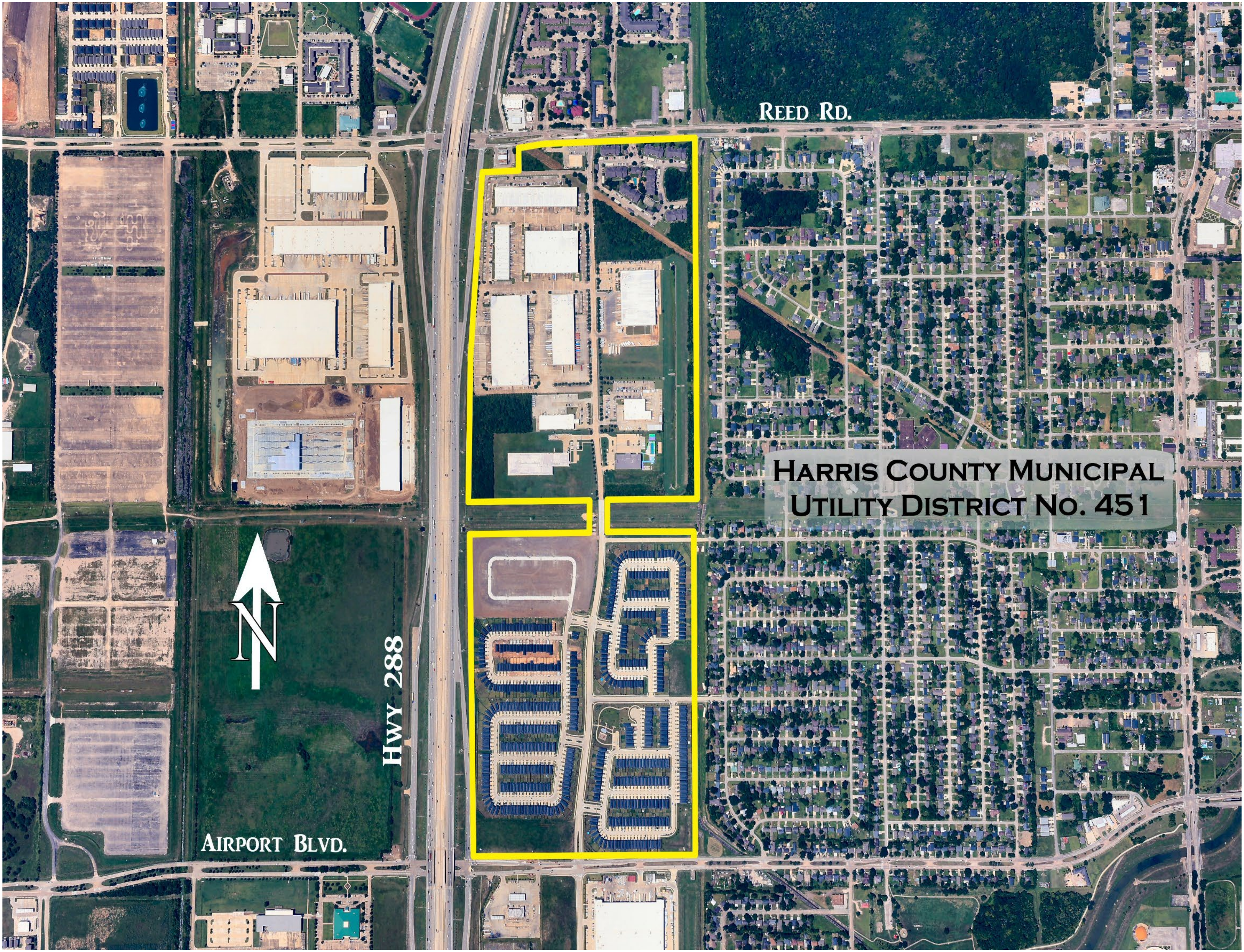
/s/ Zar Garcia
President, Board of Directors

ATTEST:

/s/ Dana Sharbonno
Secretary, Board of Directors

AERIAL PHOTOGRAPH

(As of July 2026)


Reed Rd.
Harris County Municipal
Utility District No. 451
N
Hwy 288
Airport Blvd.

PHOTOGRAPHS OF THE DISTRICT

(As of July 2026)


PRIVATE RESIDENCE
10327


2635


Cypress Creek
APARTMENT HOMES
2910


SHARPS
FedEx


DOWA LINE AMERICA CO., LTD.
FAR EAST MARINE SERVICES, LLC.


2720
ANDON
ENERGY SERVICES


5
4
3
2
1
9254
JDS Industries


FAMILY DOLLAR
FAMILY
DOLLAR

APPENDIX A

Financial Statement of the District for the period ended March 31, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

T A B L E O F C O N T E N T S

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 451
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 451 (the "District") as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Houston | Austin | Dallas
13100 Wortham Center Drive, Suite 235, Houston, Texas 77065-5610 713-462-0341

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Board of Directors
Harris County Municipal Utility District No. 451

Required Supplementary Information

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

June 24, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2026

Management's discussion and analysis of Harris County Municipal Utility District No. 451's (the "District") financial performance provides an overview of the District's financial activities for the year ended March 31, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $991,664 as of March 31, 2026.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 3,418,540	$ 2,293,756	$ 1,124,784
Capital Assets (Net of Accumulated Depreciation)	25,454,754	23,592,590	1,862,164
Total Assets	$ 28,873,294	$ 25,886,346	$ 2,986,948
Due to Developer	$ 12,036,028	$ 19,661,741	$ 7,625,713
Bonds Payable	17,692,871	4,825,000	(12,867,871)
Other Liabilities	136,059	93,871	(42,188)
Total Liabilities	$ 29,864,958	$ 24,580,612	$ (5,284,346)
Net Position:			
Net Investment in Capital Assets	$ (4,096,014)	$ (884,474)	$ (3,211,540)
Restricted	1,208,745	500,661	708,084
Unrestricted	1,895,605	1,689,547	206,058
Total Net Position	$ (991,664)	$ 1,305,734	$ (2,297,398)

The following table provides a summary of the District's operations for the years ended March 31, 2026, and March 31, 2025.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,706,354	$ 1,137,171	$ 569,183
Other Revenues	152,225	106,725	45,500
Total Revenues	$ 1,858,579	$ 1,243,896	$ 614,683
Expenses for Services	4,155,977	1,220,052	(2,935,925)
Change in Net Position	$ (2,297,398)	$ 23,844	$ (2,321,242)
Net Position, Beginning of Year	1,305,734	1,281,890	23,844
Net Position, End of Year	$ (991,664)	$ 1,305,734	$ (2,297,398)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2026, were $3,215,723, an increase of $1,053,654 from the prior year.

The General Fund fund balance increased by $187,709, primarily due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by $687,814, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance increased by $178,131, due to the issuance of bond net of reimbursing a developer.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were $166,733 less than budgeted revenues. Actual expenditures were $56,258 more than budgeted expenditures. This resulted in a negative budget variance of $222,991.

CAPITAL ASSETS

Capital assets as of March 31, 2026, total $25,454,754. These capital assets include land, as well as the water, sewer and drainage systems, streets and sidewalks, and detention facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 603,583	$ 603,583	$
Capital Assets, Net of Accumulated Depreciation:			
Water System	1,899,816	1,528,731	371,085
Wastewater System	3,338,734	2,513,240	825,494
Drainage System	4,984,919	3,770,100	1,214,819
Streets and Sidewalks	4,781,213	4,978,200	(196,987)
Wastewater Impact Fees	229,732	255,328	(25,596)
Detention Facilities	9,616,757	9,943,408	(326,651)
Total Net Capital Assets	$ 25,454,754	$ 23,592,590	$ 1,862,164

CAPITAL ASSETS (Continued)

The District is located within the city limits of the City of Houston (the "City"). In accordance with the proposed Utility Functions and Service Allocation Agreement with the City, all water and wastewater facilities and certain storm water facilities are conveyed to the City once constructed and placed in service. The City operates the conveyed facilities and is responsible for the maintenance. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

LONG-TERM DEBT ACTIVITY

As of March 31, 2026, the District had total bond debt payable of $17,705,000. The changes in the debt position of the District during the fiscal year ended March 31, 2026, are summarized as follows:

Bond Debt Payable, April 1, 2025	$ 4,825,000
Add: Bond Sales	13,150,000
Less: Bond Principal Paid	270,000
Bond Debt Payable, March 31, 2026	$ 17,705,000

The District's Series 2017, Series 2019 and Series 2020 Refunding bonds do not carry an underlying rating or an insured rating. The District's Series 2025 bonds carry an underlying rating of "Baa3" and an "AA" insured rating by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

The District has recorded on the government-wide basis an amount due to Developers of $12,036,028. This amount relates to construction costs of facilities that a Developer funded on behalf of the District.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 451, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 18,412	$ 151,422
Investments	1,958,029	975,082
Receivables:		
Property Taxes	42,572	76,823
Penalty and Interest on Delinquent Taxes		
Accrued Interest	4,574	
Due from Other Funds		58,055
Prepaid Costs	2,650	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 2,026,237	$ 1,261,382

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 178,131	$ 347,965	$	$ 347,965
	2,933,111		2,933,111
	119,395		119,395
		10,845	10,845
	4,574		4,574
	58,055	(58,055)	
	2,650		2,650
		603,583	603,583
		24,851,171	24,851,171
$ 178,131	$ 3,465,750	$ 25,407,544	$ 28,873,294

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2026

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 72,577	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	58,055	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 130,632	$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 42,572	$ 76,823
FUND BALANCES		
Nonspendable:		
Nonspendable: Prepaid Costs	$ 2,650	$
Restricted for Authorized Construction		
Restricted for Debt Service		1,184,559
Unassigned	1,850,383	
TOTAL FUND BALANCES	$ 1,853,033	$ 1,184,559
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,026,237	$ 1,261,382
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 72,577	$	$ 72,577
		63,482	63,482
		12,036,028	12,036,028
	58,055	(58,055)	
		275,000	275,000
		17,417,871	17,417,871
$ -0-	$ 130,632	$ 29,734,326	$ 29,864,958
$ -0-	$ 119,395	$ (119,395)	$ - 0 -
$	$ 2,650	$ (2,650)	$
178,131	178,131	(178,131)	
	1,184,559	(1,184,559)	
	1,850,383	(1,850,383)	
$ 178,131	$ 3,215,723	$ (3,215,723)	$ - 0 -
$ 178,131	$ 3,465,750		
		$ (4,096,014)	$ (4,096,014)
		1,208,745	1,208,745
		1,895,605	1,895,605
		$ (991,664)	$ (991,664)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2026

Total Fund Balances - Governmental Funds			$ 3,215,723
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			25,454,754
Deferred inflows of resources related to property tax revenues and penalty and interest receivable for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.			130,240
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:			
	Due to Developer	$ (12,036,028)	
	Accrued Interest Payable	(63,482)	
	Bonds Payable	(17,692,871)	(29,792,381)
Total Net Position - Governmental Activities			$ (991,664)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 536,601	$ 1,086,849
Penalty and Interest		17,605
Investment and Miscellaneous Revenues	91,666	35,483
TOTAL REVENUES	$ 628,267	$ 1,139,937
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 200,341	$ 10,902
Contracted Services	18,725	22,470
Repairs and Maintenance	164,328	
Depreciation		
Other	57,164	5,899
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Issuance Costs		
Bond Principal		270,000
Bond Interest		456,543
TOTAL EXPENDITURES/EXPENSES	$ 440,558	$ 765,814
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 187,709	$ 374,123
OTHER FINANCING SOURCES (USES)		
Bond Discounts	$	$
Bond Premium		
Long-Term Debt Issued		313,691
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 313,691
NET CHANGE IN FUND BALANCES	$ 187,709	$ 687,814
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2025	1,665,324	496,745
FUND BALANCES/NET POSITION - MARCH 31, 2026	$ 1,853,033	$ 1,184,559

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,623,450	$ 82,904	$ 1,706,354
	17,605	7,460	25,065
11	127,160		127,160
$ 11	$ 1,768,215	$ 90,364	$ 1,858,579
$ 3,823	$ 215,066	$	$ 215,066
	41,195		41,195
	164,328		164,328
		694,325	694,325
234	63,297		63,297
10,172,525	10,172,525	(10,172,525)	
1,384,062	1,384,062		1,384,062
1,085,111	1,085,111		1,085,111
	270,000	(270,000)	
	456,543	52,050	508,593
$ 12,645,755	$ 13,852,127	$ (9,696,150)	$ 4,155,977
$ (12,645,744)	$ (12,083,912)	$ 9,786,514	$ (2,297,398)
$ (190,326)	$ (190,326)	$ 190,326	$
177,892	177,892	(177,892)	
12,836,309	13,150,000	(13,150,000)	
$ 12,823,875	$ 13,137,566	$ (13,137,566)	$ -0-
$ 178,131	$ 1,053,654	$ (1,053,654)	$
		(2,297,398)	(2,297,398)
	2,162,069	(856,335)	1,305,734
$ 178,131	$ 3,215,723	$ (4,207,387)	$ (991,664)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2026

Net Change in Fund Balances - Governmental Funds	$ 1,053,654
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	82,904
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalty and interest are assessed.	7,460
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated in the Statement of Activities as an expense.	(694,325)
Governmental funds report costs paid for assets that are conveyed to the City of Houston for operations as expenditures. However, in the Statement of Net Position, the transfer of these assets is recorded as an increase in intangible assets.	10,172,525
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	270,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(52,050)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(13,150,000)
In the Statement of Net Position, bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	12,434
Change in Net Position - Governmental Activities	$ (2,297,398)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2026

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 451 (the "District") was created effective July 12, 2007, by an Order of the Texas Commission on Environmental Quality, (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, construct roads, provide solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is located within the corporate limits of the City of Houston, Texas. The Board of Directors held its first meeting on August 13, 2007, and the first bonds were sold on March 26, 2015.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

<u>Financial Statement Presentation</u>

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of March 31, 2026, the General Fund owed the Debt Service Fund $58,055 for excess transfer of maintenance tax collections.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Water facilities and wastewater facilities have been conveyed to the City of Houston, Texas (the "City"). The City operates and maintains the facilities for providing water, wastewater and drainage services to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94. See Note 8 for additional information.

Budgeting

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Measurement Focus</u>

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

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

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2017	Series 2019	Refunding Series 2020	Series 2025
Amount Outstanding – March 31, 2026	$1,720,000	$525,000	$2,310,000	$13,150,000
Interest Rates	2.75%-3.85%	2.60%-3.75%	2.00%-2.75%	4.00%-5.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2040	September 1, 2026/2040	September 1, 2026/2039	September 1, 2027/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1, March 1
Callable Dates	September 1, 2023*	September 1, 2024*	September 1, 2025*	September 1, 2031*

* Or any date thereafter, in whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2025 term bonds due September 1, 2034 are subject to mandatory redemption beginning September 1, 2033.

The following is a summary of transactions regarding the changes in long-term liabilities for the year ended March 31, 2026:

	April 1, 2025	Additions	Retirements	March 31, 2026
Total Bonds Payable	$ 4,825,000	$ 13,150,000	$ 270,000	$ 17,705,000
Unamortized Discounts		(190,326)	(4,666)	(185,660)
Unamortized Premiums		177,892	4,361	173,531
Bonds Payable, Net	$ 4,825,000	$ 13,137,566	$ 269,695	$ 17,692,871

Amount Due Within One Year	$ 275,000
Amount Due After One Year	17,417,871
Total Bonds Payable	$ 17,692,871

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 275,000	$ 758,421	$ 1,033,421
2028	600,000	742,758	1,342,758
2029	625,000	717,491	1,342,491
2030	645,000	690,933	1,335,933
2031	665,000	663,183	1,328,183
2032-2036	3,710,000	2,886,270	6,596,270
2037-2041	4,250,000	2,120,785	6,370,785
2042-2046	3,480,000	1,292,453	4,772,453
2047-2050	3,455,000	355,875	3,810,875
	$ 17,705,000	$ 10,228,169	$ 27,933,169

As of March 31, 2026, the District had authorized but unissued bonds in the amount of $24,700,000 for utility facilities, $6,645,000 for road improvements and $4,500,000 for recreational facilities.

During the year ended March 31, 2026, the District levied an ad valorem debt service tax rate of $0.58 per $100 of assessed valuation, which resulted in a tax levy of $1,210,410 on the adjusted taxable valuation of $208,691,470 for the 2025 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS (Continued)

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross debt proceeds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of the issuance of the debt.

The bond resolutions state that the District is required to provide to the state information depository continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $589,205 and the bank balance was $694,252. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2026, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	$ 18,412	$ 241,240	$ 259,652
DEBT SERVICE FUND	151,422		151,422
CAPITAL PROJECTS FUND	178,131		178,131
TOTAL DEPOSITS	$ 347,965	$ 241,240	$ 589,205

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in TexSTAR, an external investment pool that is not SEC-registered. JPMorgan Chase manages the daily operations of TexSTAR. TexSTAR meets the criteria establish in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexSTAR at amortized cost for financial reporting purposes. The District records certificates of deposit at acquisition cost.

As of March 31, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexSTAR	$ 1,716,789	$ 1,716,789
Certificate of Deposit	241,240	241,240
DEBT SERVICE FUND		
TexSTAR	975,082	975,082
TOTAL INVESTMENTS	$ 2,933,111	$ 2,933,111

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2026, the District's investments in TexSTAR were rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance or pledged collateral.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2026:

	April 1, 2025	Increases	Decreases	March 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 603,583	$	$	$ 603,583
Construction in Progress		2,556,489	2,556,489	
Total Capital Assets Not Being Depreciated	$ 603,583	$ 2,556,489	$ 2,556,489	$ 603,583
Capital Assets Subject to Depreciation				
Water System	$ 1,649,188	$ 413,500	$	$ 2,062,688
Wastewater System	3,128,356	906,541		4,034,897
Drainage System	4,309,217	1,328,181		5,637,398
Streets and Sidewalks	5,467,433			5,467,433
Wastewater Impact Fees	511,919			511,919
Detention Facilities	10,811,058	(91,733)		10,719,325
Total Capital Assets Subject to Depreciation	$ 25,877,171	$ 2,556,489	$ -0-	$ 28,433,660
Less Accumulated Depreciation				
Water System	$ 120,457	$ 42,415	$	$ 162,872
Wastewater System	615,116	81,047		696,163
Drainage System	539,117	113,362		652,479
Streets and Sidewalks	489,233	196,987		686,220
Wastewater Impact Fees	256,591	25,596		282,187
Detention Facilities	867,650	234,918		1,102,568
Total Accumulated Depreciation	$ 2,888,164	$ 694,325	$ -0-	$ 3,582,489
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 22,989,007	$ 1,862,164	$ -0-	$ 24,851,171
Total Capital Assets, Net of Accumulated Depreciation	$ 23,592,590	$ 4,418,653	$ 2,556,489	$ 25,454,754

NOTE 6. CAPITAL ASSETS (Continued)

In accordance with the proposed Utility Functions and Services Allocation Agreement, see Note 8, the water, wastewater and certain storm water capital assets constructed by the District's Developer, for which the District has recorded a liability in the Statement of Net Position, will be submitted for conveyance to the City for operations and maintenance. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

NOTE 7. MAINTENANCE TAX

On November 6, 2007, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended March 31, 2026, the District levied an ad valorem maintenance tax at the rate of $0.32 per $100 of assessed valuation, which resulted in a tax levy of $667,813 on the taxable valuation of $208,691,470 for the 2025 tax year.

On May 10, 2008, the voters of the District approved the levy and collection of a road maintenance tax not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of maintaining the District's roads not conveyed to the City for ownership and maintenance. The District did not levy an ad valorem road maintenance tax during the current year.

NOTE 8. UTILITY FUNCTIONS AND SERVICES ALLOCATION AGREEMENT

The District has not yet entered into a Utility Functions and Services Allocation Agreement (the "Agreement") with the City of Houston, Texas (the "City"). The District is awaiting the approval of the Agreement by the City. Currently, the District conveys its facilities, other than detention and certain stormwater facilities, to the City consistent with the terms of the proposed Agreement. The District will make water and wastewater reservation requests for capacity to the City and will pay all impact fees as required under the Code of Ordinances for each water and wastewater reservation.

As facilities are acquired, constructed and conveyed to the City, the City will assume responsibility for operation and maintenance of the water, sewer, road and certain stormwater facilities. The City will bill and collect from the customers of the facilities at the same rates as those the City charges its other customers.

NOTE 9. UNREIMBURSED COSTS

The District has entered into agreements with Developers within the District. The agreements call for the Developers to make operating advances as well as fund costs associated with water, sewer and drainage facilities until such time as the District can sell bonds. As reflected on the Statement of Net Position, $12,036,028 has been recorded as Due to Developer on a government-wide basis. During the current year, the District issued bonds to reimburse developers for prior project costs and accepted additional completed assets for future reimbursement. The following table summarizes the current year activity related to unreimbursed developer costs:

Due to Developers, beginning of year	$ 19,652,064
Additions	2,611,477
Reimbursements	(10,227,513)
Due to Developers, end of year	$ 12,036,028

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11. BOND SALE

On August 28, 2025, the District closed on the sale of its $13,150,000 Series 2025 Unlimited Tax Bonds. Bond proceeds were used to reimburse the developer for construction and engineering costs related to the Grand West Mass Grading and Offsite Storm Sewer project and the Grand West, Section 1 water, wastewater and drainage facilities. Additional proceeds were used to fund capitalized interest and to pay the issuance costs of the bonds.

NOTE 12. SUBSEQUENT BOND SALE

Subsequent to year-end, the District submitted an application to the Commission for the sale of its $8,000,000 Series 2026 Unlimited Tax Bonds. Bond proceeds will be used to reimburse the developer for construction and engineering costs related to the Grand West, Section 1 through 4: water, wastewater and drainage facilities; the Grand West Clearing and Detention; and the Park South View Phase 1 and Jipsie Lane water, wastewater and drainage facilities. Additional proceeds will be used to pay the issuance costs of the bonds.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 750,000	$ 536,601	$ (213,399)
Investment and Miscellaneous Revenues	45,000	91,666	46,666
TOTAL REVENUES	$ 795,000	$ 628,267	$ (166,733)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 159,700	$ 200,341	$ (40,641)
Contracted Services	20,000	18,725	1,275
Repairs and Maintenance	123,800	164,328	(40,528)
Other	80,800	57,164	23,636
TOTAL EXPENDITURES	$ 384,300	$ 440,558	$ (56,258)
NET CHANGE IN FUND BALANCE	$ 410,700	$ 187,709	$ (222,991)
FUND BALANCE - APRIL 1, 2025	1,665,324	1,665,324	
FUND BALANCE - MARCH 31, 2026	$ 2,076,024	$ 1,853,033	$ (222,991)

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

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

_______	Retail Water	_______	Wholesale Water	X	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 (specify): _______				

The District operates as an alter ego of the City of Houston (the "City"). In this arrangement, the water, wastewater and certain storm water facilities constructed by the District will be conveyed to the City. The City will own, operate and maintain the facilities and operate the facilities for the benefit of the customers within the District. Therefore, the District will not be responsible for operation of the utilities within its boundaries. The District will retain ownership of the storm water detention facilities and certain storm water quality features within its boundaries.

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved on N/A.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	N/A				
WASTEWATER:	N/A				
SURCHARGE: Other	N/A				

Total monthly charges per 10,000 gallons usage: Water: $N/A Wastewater: $N/A Surcharge: $N/A Total: $N/A

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Not Applicable)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	N/A	N/A		N/A
Total Wastewater Connections	N/A	N/A	x 1.0	N/A

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Not Applicable)

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes __ No _X_

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

See accompanying independent auditor's report.

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No ______

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely __X__ Partly _______ Not at all _____

City in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2026

PROFESSIONAL FEES:		
Auditing	$	17,750
Engineering		81,543
Legal		101,048
TOTAL PROFESSIONAL FEES	$	200,341
CONTRACTED SERVICES:		
Bookkeeping	$	18,725
REPAIRS AND MAINTENANCE	$	164,328
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	27,642
Dues		750
Insurance		7,032
Office Supplies and Postage		1,503
Payroll Taxes		2,011
Travel and Meetings		17,515
Other		711
TOTAL ADMINISTRATIVE EXPENDITURES	$	57,164
TOTAL EXPENDITURES	$	440,558

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
INVESTMENTS
MARCH 31, 2026

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexSTAR	XXXX2220	Varies	Daily	$ 1,716,789	$
Certificate of Deposit	XXXX5930	4.000%	4/9/2026	241,240	4,574
TOTAL GENERAL FUND				$ 1,958,029	$ 4,574
DEBT SERVICE FUND					
TexSTAR	XXXX3330	Varies	Daily	$ 975,082	$ -0-
TOTAL - ALL FUNDS				$ 2,933,111	$ 4,574

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
APRIL 1, 2025	$ 24,223		$ 12,268	
Adjustments to Beginning Balance	(112,863)	$ (88,640)	(59,006)	$ (46,738)
Original 2025 Tax Levy	$ 653,927		$ 1,185,243	
Adjustment to 2025 Tax Levy	13,886	667,813	25,167	1,210,410
TOTAL TO BE ACCOUNTED FOR		$ 579,173		$ 1,163,672
TAX COLLECTIONS:				
Prior Years	$ (89,016)		$ (47,081)	
Current Year	625,617	536,601	1,133,930	1,086,849
TAXES RECEIVABLE - MARCH 31, 2026		$ 42,572		$ 76,823
TAXES RECEIVABLE BY YEAR:				
2025		$ 42,196		$ 76,480
2024		317		159
2023		4		2
2017		55		182
TOTAL		$ 42,572		$ 76,823

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 49,046,907	$ 49,675,936	$ 38,188,143	$ 31,031,850
Improvements	137,265,425	90,018,015	87,745,912	84,542,790
Personal Property	43,719,940	26,277,890	21,419,418	19,277,616
Exemptions	(21,340,802)	(22,781,017)	(12,941,768)	(13,649,884)
TOTAL PROPERTY VALUATIONS	$ 208,691,470	$ 143,190,824	$ 134,411,705	$ 121,202,372
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.58	$ 0.30	$ 0.33	$ 0.37
Maintenance	0.32	0.60	0.57	0.53
TOTAL TAX RATES PER $100 VALUATION	$ 0.90	$ 0.90	$ 0.90	$ 0.90
ADJUSTED TAX LEVY*	$ 1,878,223	$ 1,288,718	$ 1,209,706	$ 1,090,821
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	93.68 %	99.96 %	99.99 %	100.00 %

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

Maximum maintenance tax rate of $ 1.50 per $100 of assessed valuation approved by voters on November 6, 2007 and a maximum road maintenance tax rate of $0.25 per $100 of assessed valuation approved by voters on May 10, 2008.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES - 2017		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 110,000	$ 58,003	$ 168,003
2028	115,000	54,683	169,683
2029	115,000	51,175	166,175
2030	115,000	47,553	162,553
2031	115,000	43,815	158,815
2032	115,000	39,963	154,963
2033	115,000	36,053	151,053
2034	115,000	32,085	147,085
2035	115,000	28,060	143,060
2036	115,000	23,963	138,963
2037	115,000	19,794	134,794
2038	115,000	15,496	130,496
2039	115,000	11,069	126,069
2040	115,000	6,641	121,641
2041	115,000	2,214	117,214
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	$ 1,720,000	$ 470,567	$ 2,190,567

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2019		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 35,000	$ 16,914	$ 51,914
2028	35,000	15,951	50,951
2029	35,000	14,954	49,954
2030	35,000	13,921	48,921
2031	35,000	12,854	47,854
2032	35,000	11,751	46,751
2033	35,000	10,614	45,614
2034	35,000	9,446	44,446
2035	35,000	8,243	43,243
2036	35,000	7,018	42,018
2037	35,000	5,775	40,775
2038	35,000	4,515	39,515
2039	35,000	3,246	38,246
2040	35,000	1,960	36,960
2041	35,000	656	35,656
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	$ 525,000	$ 137,818	$ 662,818

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	REFUNDING SERIES-2020		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 130,000	$ 56,123	$ 186,123
2028	135,000	53,405	188,405
2029	140,000	50,518	190,518
2030	145,000	47,453	192,453
2031	150,000	44,170	194,170
2032	155,000	40,623	195,623
2033	160,000	36,763	196,763
2034	165,000	32,700	197,700
2035	170,000	28,406	198,406
2036	180,000	23,813	203,813
2037	185,000	18,906	203,906
2038	190,000	13,750	203,750
2039	200,000	8,388	208,388
2040	205,000	2,819	207,819
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	$ 2,310,000	$ 457,837	$ 2,767,837

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	S E R I E S - 2 0 2 5		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$	$ 627,381	$ 627,381
2028	315,000	618,719	933,719
2029	335,000	600,844	935,844
2030	350,000	582,006	932,006
2031	365,000	562,344	927,344
2032	385,000	541,719	926,719
2033	405,000	521,007	926,007
2034	425,000	502,381	927,381
2035	445,000	484,981	929,981
2036	470,000	466,681	936,681
2037	490,000	447,175	937,175
2038	515,000	426,125	941,125
2039	545,000	402,919	947,919
2040	570,000	377,831	947,831
2041	600,000	351,506	951,506
2042	630,000	323,044	953,044
2043	660,000	292,406	952,406
2044	695,000	260,225	955,225
2045	730,000	226,381	956,381
2046	765,000	190,397	955,397
2047	800,000	152,250	952,250
2048	840,000	111,750	951,750
2049	885,000	68,625	953,625
2050	930,000	23,250	953,250
	$ 13,150,000	$ 9,161,947	$ 22,311,947

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 275,000	$ 758,421	$ 1,033,421
2028	600,000	742,758	1,342,758
2029	625,000	717,491	1,342,491
2030	645,000	690,933	1,335,933
2031	665,000	663,183	1,328,183
2032	690,000	634,056	1,324,056
2033	715,000	604,437	1,319,437
2034	740,000	576,612	1,316,612
2035	765,000	549,690	1,314,690
2036	800,000	521,475	1,321,475
2037	825,000	491,650	1,316,650
2038	855,000	459,886	1,314,886
2039	895,000	425,622	1,320,622
2040	925,000	389,251	1,314,251
2041	750,000	354,376	1,104,376
2042	630,000	323,044	953,044
2043	660,000	292,406	952,406
2044	695,000	260,225	955,225
2045	730,000	226,381	956,381
2046	765,000	190,397	955,397
2047	800,000	152,250	952,250
2048	840,000	111,750	951,750
2049	885,000	68,625	953,625
2050	930,000	23,250	953,250
	$ 17,705,000	$ 10,228,169	$ 27,933,169

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2026

Description	Original Bonds Issued	Bonds Outstanding April 1, 2025
Harris County Municipal Utility District No. 451 Unlimited Tax Bonds - Series 2017	$ 2,600,000	$ 1,830,000
Harris County Municipal Utility District No. 451 Unlimited Tax Bonds - Series 2019	1,000,000	560,000
Harris County Municipal Utility District No. 451 Unlimited Tax Refunding Bonds - Series 2020	2,905,000	2,435,000
Harris County Municipal Utility District No. 451 Unlimited Tax Bonds - Series 2025	13,150,000	
TOTAL	$ 19,655,000	$ 4,825,000

Bond Authority:	Tax Bonds	Road Bonds	Park Bonds
Amount Authorized by Voters	$ 45,000,000	$ 6,645,000	$ 4,500,000
Amount Issued	20,300,000		
Remaining to be Issued	$ 24,700,000	$ 6,645,000	$ 4,500,000

Debt Service Fund cash and investment balances as of March 31, 2026:	$ 1,126,504
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,163,882

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	March 31, 2026	Paying Agent
$	$ 110,000	$ 61,110	$ 1,720,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	35,000	17,841	525,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	125,000	58,673	2,310,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
13,150,000		318,919	13,150,000	The Bank of New York Mellon Trust Company, N.A. Houston, TX
$ 13,150,000	$ 270,000	$ 456,543	$ 17,705,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 536,601	$ 768,813	$ 700,957
Investment and Miscellaneous Revenues	91,666	76,149	43,405
TOTAL REVENUES	$ 628,267	$ 844,962	$ 744,362
EXPENDITURES			
Professional Fees	$ 200,341	$ 156,399	$ 163,465
Contracted Services	18,725	19,300	18,675
Repairs and Maintenance	164,328	191,800	92,212
Other	57,164	66,245	59,912
Capital Outlay			226,419
TOTAL EXPENDITURES	$ 440,558	$ 433,744	$ 560,683
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 187,709	$ 411,218	$ 183,679
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$	$ 134	$
Developer Advances			
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ 134	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 187,709	$ 411,352	$ 183,679
BEGINNING FUND BALANCE	1,665,324	1,253,972	1,070,293
ENDING FUND BALANCE	$ 1,853,033	$ 1,665,324	$ 1,253,972

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2024	2023	2022
$ 606,854	$ 684,580	85.4 %	91.0 %	94.2 %	96.7 %	100.0 %
20,485	18	14.6	9.0	5.8	3.3	
$ 627,339	$ 684,598	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 130,135	$ 109,208	31.9 %	18.5 %	22.0 %	20.7 %	16.0 %
17,450	13,686	3.0	2.3	2.5	2.8	2.0
17,409	11,022	26.2	22.7	12.4	2.8	1.6
56,733	53,685	9.1	7.8	8.0	9.0	7.8
228,211	286,154			30.4	36.4	41.8
$ 449,938	$ 473,755	70.2 %	51.3 %	75.3 %	71.7 %	69.2 %
$ 177,401	$ 210,843	29.8 %	48.7 %	24.7 %	28.3 %	30.8 %
$ 39,409	$ 68,881					
	371,262					
$ 39,409	$ 440,143					
$ 216,810	$ 650,986					
853,483	202,497					
$ 1,070,293	$ 853,483					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 1,086,849	$ 372,181	$ 400,526
Penalty and Interest	17,605	16,291	4,142
Investment and Miscellaneous Revenues	35,483	16,688	19,514
TOTAL REVENUES	$ 1,139,937	$ 405,160	$ 424,182
EXPENDITURES			
Tax Collection Expenditures	$ 31,722	$ 20,687	$ 12,742
Debt Service Principal	270,000	270,000	265,000
Debt Service Interest and Fees	464,092	149,778	153,534
TOTAL EXPENDITURES	$ 765,814	$ 440,465	$ 431,276
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 374,123	$ (35,305)	$ (7,094)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ 313,691	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 687,814	$ (35,305)	$ (7,094)
BEGINNING FUND BALANCE	496,745	532,050	539,144
ENDING FUND BALANCE	$ 1,184,559	$ 496,745	$ 532,050
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

2023	2022	2026	2025	2024	2023	2022
		Percentage of Total Revenues				
$ 414,592	$ 143,417	95.4 %	91.9 %	94.4 %	97.5 %	98.9 %
4,962	1,342	1.5	4.0	1.0	1.2	0.9
5,717	244	3.1	4.1	4.6	1.3	0.2
$ 425,271	$ 145,003	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 10,863	$ 12,758	2.8 %	5.1 %	3.0 %	2.6 %	8.8 %
260,000	355,000	23.7	66.6	62.5	61.1	244.8
170,278	164,561	40.7	37.0	36.2	40.0	113.5
$ 441,141	$ 532,319	67.2 %	108.7 %	101.7 %	103.7 %	367.1 %
$ (15,870)	$ (387,316)	32.8 %	(8.7) %	(1.7) %	(3.7) %	(267.1) %
$ - 0 -	$ - 0 -					
$ (15,870)	$ (387,316)					
555,014	942,330					
$ 539,144	$ 555,014					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

District Mailing Address	-	Harris County Municipal Utility District No. 451 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Telephone Number	-	(713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended March 31, 2026	Expense Reimbursements for the year ended March 31, 2026	Title
Zar Garcia	05/22 - 05/26 (Elected)	$ 5,083	$ 1,562	President
Carlos Castellanos	05/24 - 05/28 (Elected)	$ 6,409	$ 2,812	Vice President
Angelo Giokas	05/22 - 12/25 (Resigned)	$ 3,536	$ 1,703	Former Assistant Vice President
Saul Alan Barrera	05/24 - 12/25 (Resigned)	$ 5,803	$ 280	Former Secretary
Dana Sharbonno	03/26 - 05/28 (Appointed)	$ 221	$ 46	Secretary
Mauricio Handal	05/22 - 05/26 (Elected)	$ 7,293	$ 2,743	Assistant Secretary

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

The submission date of the most recent District Registration Form: March 25, 2026

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as of June 28, 2023. Currently, the maximum amount is $7,200 per fiscal year. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. During the current fiscal year, one director was inadvertently overpaid their fees of office by $93. This amount will be withheld from a future payment in order to reimburse the District for this overpayment.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 451
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

Consultants:	Date Hired	Fees for the year ended March 31, 2026	Title
Allen Boone Humphries Robinson LLP	08/13/07	$ 104,872	General Counsel
		$ 312,527	Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	04/22/09	$ 15,250	Auditor
		$ 17,500	Bond Related
Myrtle Cruz, Inc.	10/23/07	$ 24,823	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	06/25/08	$ 8,402	Delinquent Tax Attorney
Benchmark Engineering Corporation	10/23/07	$ 141,543	Engineer
Masterson Advisors LLC	04/25/18	$ 228,955	Financial Advisor
Mary Jarmon	03/23/16	$ -0-	Investment Officer
Assessments of the Southwest, Inc.	10/23/07	$ 10,315	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

MEMBER: [NAME OF MEMBER]

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

Policy No: _____

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)