OFFICIAL STATEMENT DATED OCTOBER 20, 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 **NOT** BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.*

NEW ISSUE-Book-Entry-Only

Insured Rating (AG): S&P "AA" (stable outlook)
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$2,230,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 171
(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. 171 (the "District"), and are not obligations of the State of Texas, Harris County, the City of Houston, the Master District (as defined herein) 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 levied, without legal limitation as to rate or amount, against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS."

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

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the initial date of delivery (expected on or about November 19, 2026) (the "Date of Delivery") and is payable on each March 1 and September 1 (each, an "Interest Payment Date") commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

ASSURED GUARANTY

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC. ("AG" or the "Insurer").

MATURITY SCHEDULE

Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2028	$ 35,000		7.625 %	3.800 %	41423Q CE3	2041	$ 70,000	(a)	5.125 %	5.000 %	41423Q CT0
2029	40,000		7.625	3.850	41423Q CF0	2042	75,000	(a)	5.125	5.050	41423Q CU7
2030	40,000		7.625	3.950	41423Q CG8	2043	75,000	(a)	5.125	5.100	41423Q CV5
2031	40,000		7.625	4.050	41423Q CH6	2044	80,000	(a)	5.125	5.150	41423Q CW3
2032	45,000		7.625	4.150	41423Q CJ2	2045	85,000	(a)	5.250	5.190	41423Q CX1
2033	45,000	(a)	7.625	4.250	41423Q CK9	2046	90,000	(a)	5.250	5.230	41423Q CY9
2034	50,000	(a)	7.500	4.350	41423Q CL7	2047	95,000	(a)	5.250	5.270	41423Q CZ6
2035	50,000	(a)	7.500	4.450	41423Q CM5	2048	100,000	(a)	5.250	5.300	41423Q DA0
2036	55,000	(a)	5.125	4.550	41423Q CN3	2049	105,000	(a)	5.250	5.330	41423Q DB8
2037	55,000	(a)	5.125	4.650	41423Q CP8	2050	110,000	(a)	5.250	5.350	41423Q DC6
2038	60,000	(a)	5.125	4.750	41423Q CQ6	2051	350,000	(a)	5.375	5.375	41423Q DD4
2039	65,000	(a)	5.125	4.850	41423Q CR4	2052	350,000	(a)	5.375	5.390	41423Q DE2
2040	65,000	(a)	5.125	4.930	41423Q CS2						

(a) Bonds maturing on or after September 1, 2033, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on September 1, 2032, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. 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.

(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. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of the DTC is expected on or about November 19, 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 purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

Assured Guaranty Inc. ("AG" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer 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 Robert W. Baird & Co., Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.00% of the par value thereof, which resulted in a net effective interest rate of 5.552313%, 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 the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description...

Harris County Municipal Utility District No. 171 (the "District") is a political subdivision of the State of Texas, created by the Texas Water Commission (a predecessor to the Texas Commission of Environmental Quality (the "TCEQ")) on October 16, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8442 of the Texas Special District Local Laws Code. The District consists of approximately 399 acres of land. See "THE DISTRICT."

Location...

The District is located approximately 35 miles west of the central downtown business district of the City of Houston, Texas in Harris County. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. Access to the District is provided by the Grand Parkway (Texas State Highway 99) to Farm-to-Market 529. Other thoroughfares to the community include Katy Hockley Cut-Off Road, Porter Road and Longenbaugh Road. See "THE DISTRICT—Description and Location" and "AERIAL LOCATION MAP."

Elyson…

The District is one of six municipal utility districts being developed and marketed as part of Elyson, a master-planned community currently planned to encompass approximately 3,599 acres at full development. The District also acts in the capacity of the Master District (as defined herein). See "THE SYSTEM—The Master District Contract" and "—Master District Facilities."

Recreational amenities within Elyson include a 6,500 square foot welcome center that includes a pool, a fitness center, a game room located in Harris County Municipal Utility District No. 457 and a second 3,600 square foot recreation center within Harris County Municipal Utility District No. 534 which includes two pools, a fitness center, and a space for special events and other activities. Park and open space within Elyson, including the District, are or are planned to be connected by a master trail system.

The Developer and Principal Property Owners…

NASH FM 529, LLC ("Nash FM 529" or the "Developer") a Delaware limited liability company, was created for the sole purpose of acquiring and developing Elyson, including the District, and its only substantial asset consists of land in Elyson. North America Sekisui House L.L.C., a Delaware limited liability company, owns a 95% interest in NASH FM 529. American Newland Communities II, LLC., a Delaware limited liability company ("Newland") owns a 5% interest in NASH FM 529. Newland is wholly owned by Brookfield Communities US, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development L.L.C. ("Brookfield"), which is indirectly wholly owned by Brookfield Residential Properties, Inc. Brookfield is a global developer and operator of high-quality real estate assets and is active in nearly all real estate sectors, including office, retail, multi-family, hospitality and logistics. Nash FM 529 continues to own approximately 282 acres of vacant land within the District, of which approximately 49 acres are considered developable.

The approximately 114 acres within the District developed with commercial/retail businesses is owned by various entities. ETC Development LLC owns approximately 17 acres of land within the District upon which it has developed the Elyson Town Center, an approximately 190,000 mixed-use development consisting of office space, restaurants, and various retail and service businesses. HEB LP owns approximately 15 acres of land within the District that has been served with utilities for development but does not yet have vertical improvements. Plaza at Elyson, Ltd. owns approximately 12 acres of land within the District upon which it has developed The Plaza at Elyson, which consists of an approximately 145,000 square foot Target store as the anchor tenant (not owned by Plaza at Elyson, Ltd.), an approximately 25,000 square foot Burlington Coat Factory, a T.J. Maxx, a Chick-Fil-A, a Whataburger, a Jersey Mike's, a Taco Cabana, a PNC Bank and an additional approximately 40,000 square feet of retail. Target Corporation owns 12 acres of land within the District upon which it has developed an approximately 145,000 square foot Target store. EMU Partners LLC owns approximately 11 acres of land within the District upon which consists of a retail center, and multiple fast-food restaurants.

Neither the Developer nor any other landowner are obligated to pay any principal of or interest on the Bonds. See "RISK FACTORS—Dependence on Major Taxpayers," "THE DISTRICT—Status of Development," "THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS" and "TAX DATA—Principal Taxpayers."

Status of Development…

Approximately 114 acres of land within the District have been provided with trunk utilities related to water, sewer and drainage facilities for commercial development. Of such acreage, approximately 27 acres have been developed as The Plaza at Elyson, which according to Brookfield, includes an approximately 145,000 square foot Target store as the anchor tenant, an approximately 25,000 square foot Burlington Coat Factory, a T.J. Maxx, a Chick-Fil-A, a Whataburger, a Jersey Mike's, a Taco Cabana, a PNC Bank and an additional approximately 40,000 square feet of retail. The Elyson Town Center, an approximately 190,000 mixed-use development, has been constructed on approximately 17 acres and consists of office space, restaurants, and various retail and service businesses. Additional commercial development in the District consists of a children's day care facility, a McDonald's, a car wash, an urgent care center, a Chase Bank, a Salata, a Taco Bell, two additional quick service restaurants, a fitness center, a Goodyear Tire and an approximately 200,000 square foot retail center, collectively developed on approximately 18 acres. Of such acreage, approximately 52 acres are served with trunk facilities but do not have vertical improvements to date.

In addition to the development above, Millers at Elyson, a single-family rental community owned and leased by Brookfield, has been developed on approximately 18 acres, of which approximately 2 acres are within the District and approximately 16 acres are within Harris County Municipal Utility District No. 458. There are 14 rental home lots and 4 duplex lots (8 residential units) in the District.

Approximately 234 acres are undevelopable (public rights-of-way, detention, open spaces, easements and utility sites) and approximately 49 developable acres have not been provided with trunk facilities. See "RISK FACTORS," "THE DISTRICT—Status of Development" and "TAX DATA—Principal Taxpayers."

Water and Wastewater…

The District also serves in the capacity of the provider (the "Master District") of regional water, wastewater, storm sewer ("Master District Water/Sewer/Drainage Facilities"), regional park ("Master District Park Facilities"), regional road ("Master District Road Facilities") and other facilities necessary to serve the Service Area (as defined herein), including the District (hereinafter collectively referred to as the "Master District Facilities"), and has contracted with the District, as a participant, to construct and provide service from the Master District Facilities. The Master District owns and operates the Master District Facilities, with the exception of roads conveyed to and accepted by Harris County. See "THE ROAD SYSTEM." The District provides the internal water distribution, wastewater collection and storm drainage utilities within its boundaries. See "THE SYSTEM—The Master District Contract" and "—Master District Facilities."

Payment Record…

The District has previously issued $2,500,000 principal amount of unlimited tax bonds in one series and $5,185,000 principal amount of unlimited tax road bonds in one series, of which $7,305,000 principal amount is collectively outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District will capitalize $111,500 of interest from proceeds of the Bonds, which is the maximum amount approved by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The District has timely paid its debt service on the Outstanding Bonds.

THE BONDS

Description...

The $2,230,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are being issued as fully registered bonds pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") 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 2052, both inclusive, in the principal amounts and accrue interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery, and is payable on March 1, 2027, and each September 1 and March 1 thereafter, until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. See "THE BONDS."

Book-Entry-Only System...	The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully- registered 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 prior to their maturity dates in whole, or from time to time in part, at the option of the District 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 the construction costs and engineering fees shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, proceeds of the Bonds will be used to capitalize $111,500 of interest on the Bonds, which is the maximum amount approved by the TCEQ; to pay interest on funds advanced by the Developer on behalf of the District, to pay operating advances, and to pay administrative costs 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 second series of bonds issued out of an aggregate of $37,350,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sewer and drainage facilities. The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the TCEQ, Chapter 8442 of the Texas Special District Local Laws Code and the terms and conditions of the Bond Resolution adopted by the Board. See "RISK FACTORS—Future Debt" and "THE BONDS—Authority for Issuance," and "—Issuance of Additional Debt."
Source of Payment...	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, the Master District 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") is expected to assign a municipal bond insured 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 Assured Guaranty Inc. ("AG" or the "Insurer"). The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. An explanation of the rating may be obtained from S&P. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
Not Qualified Tax-Exempt Obligations...	The Bonds have not been designated "qualified tax-exempt obligations" for financial institutions.
Bond Counsel...	Allen Boone Humphries Robinson LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."
Financial Advisor…	Masterson Advisors LLC, Houston, Texas.
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas.

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$131,529,432	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$167,091,944	(b)
Gross Direct Debt Outstanding (after issuance of the Bonds)	$ 9,535,000	(c)
Estimated Overlapping Debt	23,079,647	(d)
Gross Direct Debt and Estimated Overlapping Debt	$32,614,647	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	7.25%	
Estimated Taxable Assessed Valuation as of August 1, 2026	5.71%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	24.80%	
Estimated Taxable Assessed Valuation as of August 1, 2026	19.52%	
Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund Balance as of October 12, 2026	$105,903	(e)
Road Debt Service Fund Balance as of October 12, 2026	106,515	(e)
Capitalized Interest from Proceeds of the Bonds	111,500	(e)(f)
Total Funds Available for Debt Service	$323,918	
Operating Funds Available as of October 12, 2026	$ 72,861	(g)
Water, Sewer and Drainage Capital Project Funds Available as of October 12, 2026	$ 93,515	(h)
Road Capital Project Funds Available as of October 12, 2026	$118,922	
Contract Tax Funds Available as of October 12, 2026	$ 0	
2026 Debt Service Tax Rate	$0.350	
2026 Maintenance and Operations Tax Rate	0.205	
2026 Contract Tax Rate	0.835	(i)
2026 Total Tax Rate	$1.390	
Average Annual Debt Service Requirement (2027-2052)	$630,182	(j)
Maximum Annual Debt Service Requirement (2050)	$685,713	(j)
Tax Rates Required to Pay Average Annual Debt Service (2027-2052) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.51	(k)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2026	$0.40	(k)
Tax Rates Required to Pay Maximum Annual Debt Service (2050) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.55	(k)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2026	$0.44	(k)

(a) The 2026 Taxable Assessed Valuation shown herein includes $113,032,749 of certified value and $18,496,683 of uncertified value. The uncertified value is subject to change and downward revision prior to certification. No tax will be levied on the uncertified value until it is certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

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

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

(d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes."

(e) Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities, and are not available to pay debt service on bonds issued for water, sewer and drainage facilities, including the Bonds. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Water, Sewer and Drainage Debt Service Fund or the Road Debt Service Fund. See "THE BONDS—Funds."

(f) The District will capitalize $111,500 of interest from proceeds of the Bonds, which is the maximum amount approved by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(g) See "RISK FACTORS—Operating Funds."

(h) The District will contribute $92,372 of surplus Water, Sewer and Drainage Capital Project Funds towards the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(i) See "THE SYSTEM—The Master District Contract."

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

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

OFFICIAL STATEMENT

$2,230,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 171

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

UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 171 (the "District") of its $2,230,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued by the District pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8442 of the Texas Special District Local Laws Code, an election held within the District, an order of the Texas Commission on Environmental Quality (the "TCEQ"), and the terms and provisions of a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, NASH FM 529, LLC, a Delaware limited liability company ("Nash FM 529" or the "Developer"), Brookfield Properties Development L.L.C. ("Brookfield"), and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

RISK FACTORS

General

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

Dependence on Major Taxpayers

There is a high concentration of ownership of taxable value in the District. The top ten taxpayers represent $108,227,612 or approximately 95.75% of the certified portion ($113,032,749) of the 2026 Taxable Assessed Valuation within the District as of January 1, 2026. See "THE DEVELOPER AND PRNICIPAL PROPERTY OWNERS" and "TAX DATA—Principal Taxpayers." The largest of such property owners is Target Corporation representing $23,562,311 or approximately 20.85% of the certified portion ($113,032,749) of the 2026 Taxable Assessed Valuation and consists of the store's land and building. EMU Partners LLC is the second largest taxpayer in the District representing approximately $22,854,872 or 20.22% of the certified portion ($113,032,749) of the 2026 Taxable Assessed Valuation and consists of a retail center, and multiple fast-food restaurants. ETC Development LLC, the developer of the Elyson Town Center, is the third largest taxpayer in the District representing approximately $22,406,932 or 19.82% of the certified portion ($113,032,749) of the 2026 Taxable Assessed Valuation. The Plaza at Elyson Ltd. is the fourth largest taxpayer in the District and represents approximately $20,742,967 or 18.35% of the certified portion ($113,032,749) of the 2026 Taxable Assessed Valuation and consists of a retail center. HEB LP is the fifth largest taxpayer representing approximately $7,162,940 or 6.34% of the certified portion ($113,032,749) of the 2026 Taxable Assessed Valuation which consists of approximately 15 acres of vacant land that has been served with utilities for development. Accurate principal taxpayer lists related to the uncertified portion ($18,496,683) of the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2026, of $167,091,944, are not available as of the date hereof. 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 taxes 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 respective Debt Service Funds or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect upon the District's ability to pay debt service on the Bonds.

The Developer and its affiliates have informed the District that their current plans are to continue developing their property in the District and/or marketing lots and commercial tracts. However, neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer and other landowners to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developer, its affiliates or any other landowners.

Operating Funds

The District's primary source of operating revenue, to date, has been maintenance tax revenue. The District adopted a total tax rate of $1.39 per $100 of taxable assessed valuation for the 2026 tax year, of which $0.22 is allocated to maintenance and operations. The District may consider reallocation of the debt service and maintenance and operations tax components after issuance of the Bonds. See "TAX DATA—Historical Tax Rate Distribution." The District's Operating Fund balance as of October 12, 2026 was $72,861. The revenue produced from the maintenance tax rate may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive Operating Fund balance will depend upon (1) cash subsidies from the Developer, and (2) continued development and increased amounts of maintenance tax revenue. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. Such an increase may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS," "THE SYSTEM—Water and Wastewater Operations" and "TAX DATA—Principal Taxpayers.

Undeveloped Acreage and Vacant Land

There are approximately 101 developable acres of land within the District that have not been fully provided with water, sewer, and drainage facilities necessary for the construction of new development (including approximately 52 acres of land served with trunk facilities without vertical improvements). Failure of the Developer or other landowners to develop the developable land or of the Developer or other builders to construct taxable improvements on commercial tracts could restrict the rate of growth of taxable values in the District. The District makes no representation as to when or if development of the undeveloped acreage will occur. See "THE DISTRICT—Status of Development" and "—Future Development."

Increase in Costs of Building Materials

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many 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 Developer or commercial builders 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 commercial construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development or construction continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer.

Economic Factors and Interest Rates

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

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 developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 35 miles west of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and the national credit and financial markets. A downturn in the economic conditions of the City of Houston and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Developer Obligation to the District

There are no commitments from or obligations of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or 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 or developed lots 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 property. See "THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS."

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 Taxable Assessed Valuation is $131,529,432 ($113,032,749 of certified value and $18,496,683 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $685,713 (2050), and the average annual debt service requirement will be $630,182 (2027-2052, inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.55 and $0.51 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 requirements, respectively. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of August 1, 2026 of $167,091,944, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.44 and $0.40 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 requirements, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2026, the District can make no representations regarding the future level of assessed valuation within the District. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion ($18,496,683) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2026 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

Overlapping Master District Debt and Contract Tax

Harris County Municipal Utility District No. 171 (the "Master District," or "MUD 171") is a political subdivision of the State of Texas, created by an order of the Texas Water Commission (predecessor to the TCEQ) on October 16, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District, in its capacity as the Master District also serves as a provider of regional water, wastewater, drainage, park/recreational and road facilities to the approximate 3,599 acre Service Area, which includes the following municipal utility districts: Harris County MUD No. 457 ("MUD 457"), Harris County MUD No. 458 ("MUD 458"), Harris County MUD No. 532 ("MUD 532"), Harris County MUD No. 533 ("MUD 533"), Harris County MUD No. 534 ("MUD 534") and the District (as a participant). Each of MUD 457, MUD 458, MUD 532, MUD 533, MUD 534 and the District, in its capacity as a Participant, has executed a Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended (individually referred to as the "Master District Contract" and collectively referred to as the "Master District Contracts") and are referred to herein as the "Participants."

The District in its capacity as the Master District has issued contract revenue bonds for the purpose of purchasing or acquiring regional water, sanitary sewer, and drainage facilities ("Water/Sewer/Drainage Contract Revenue Bonds") in the principal amount of $210,695,000, of which $197,010,000 principal amount remains outstanding as of the date hereof. The Master District has been authorized by the TCEQ to sell $32,700,000 principal amount of Water/Sewer Drainage Contract Revenue Bonds and the Master District expects to issue such bonds on November 19, 2026. In addition, the Master District has issued contract revenue bonds for the purpose of constructing or acquiring roads and related improvements ("Road Contract Revenue Bonds") in the principal amount of $25,880,000, of which $24,050,000 principal amount remains outstanding as of the date hereof, and expects to issue additional Road Contract Revenue Bonds in the future. All issuances of contract revenue bonds are pursuant to an indenture of trust. The Master District Contracts obligate each Participant to pay a pro rata share of the debt service on the Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds based upon the Certified Appraised Value of each Participant as a percentage of the Certified Appraised Value of all Participants, calculated annually. Each Participant is obligated to make such payments ("Water/Sewer/Drainage Contract Payments" and "Road Contract Payments," respectively, and "Contract Payments" collectively) from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries ("Water/Sewer/Drainage Contract Tax" and "Road Contract Tax," respectively), or from any other lawful source of such Participant's income. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District's contract revenue bonds are issued.

The Water/Sewer/Drainage Contract Tax and the Road Contract Tax are referred to herein collectively as the "Contract Tax;" the Road Contract Revenue Bonds and Water/Sewer/Drainage Contract Revenue Bonds are referred to herein collectively as the "Contract Revenue Bonds;" and the Road Contract Payment and Water/Sewer/Drainage Contract Payment are referred to herein collectively as the "Contract Payment." Pursuant to the Master District Contracts, the Master District shall not issue Contract Revenue Bonds for park or recreational facilities. The Master District may, however, require Participants to remit Park Construction Charges (as defined in the Master District Contract) to pay for Master District Park Facilities.

The Contract Tax is in addition to the direct total tax rate of the District. The District adopted a total tax rate of $1.390 per $100 of taxable assessed valuation for the 2026 tax year, of which $0.835 is allocated to the Contract Tax. The District cannot represent whether any of the development planned or occurring in the Service Area will be successful or whether the appraised valuation of the land located within the Service Area will justify payment of the Contract Tax by property owners. Increases in the Contract Tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied the District, including the Contract Tax.

The Contract Tax rate and debt service tax rate that may be required to service debt on any bonds issued by the District or the Master District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Harris County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of $1.39 per $100 of taxable assessed valuation for the District is higher than the tax rate of many utility districts in the Houston metropolitan area, although such a combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

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

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

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $37,350,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds, $7,700,000 principal amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds, and $70,000,000 principal amount of unlimited tax bonds for constructing road facilities and refunding such bonds has been authorized by voters in the District. After issuance of the Bonds, $32,620,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities and refunding will remain authorized but unissued, $64,815,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities and refunding will remain authorized but unissued and all of the authorized amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. Such bonds may finance facilities which are not necessarily related to increased taxable values in the District. See "THE BONDS—Issuance of Additional Debt."

To date, the Developer has advanced certain funds for construction of water, sewer and drainage facilities and roads and related improvements for which they have not been reimbursed. After the reimbursements are made with proceeds of the Bonds, the District will continue to owe approximately $1,950,000 to the Developer for water, sewer and drainage facilities and road facilities. In addition, the District expects to sell park bonds to pay its pro rata share of Master District park facilities. 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. Each Master District Contract was amended in 2023 to allow the Participants to issue park bonds in an amount not to exceed greater than three percent (3%) of the value of taxable property in each Participant. The District intends to issue additional bonds in order to reimburse the Developer for monies currently owed. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds to finance water, sewer, drainage and recreational facilities (but not roads) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See "THE BONDS—Issuance of Additional Debt."

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain. See "THE SYSTEM—Flood Protection and Drainage."

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 25, 2017, and brought historic levels of rainfall during the successive four days.

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

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

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 involuntary bankruptcy.

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 released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Marketability of the Bonds

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

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

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

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 Assured Guaranty Inc. ("AG" 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."

The long-term ratings on the Bonds are dependent in part on the financial strength of 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 have 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.

THE BONDS

Description

The Bonds will be dated November 1, 2026 and 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 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.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain 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, Harris County Municipal Utility District No. 171 (in its capacity as the "Master District") or any entity other than the District.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., Houston, Texas as the initial Paying Agent/Registrar for the Bonds (the "Paying Agent/Registrar"). 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-Only 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 the Bonds (the "Registered Owners") 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.

Funds

In the Bond Resolution, the Water, Sewer and Drainage 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.

The District also maintains a Road Debt Service Fund that is not pledged to Outstanding Water, Sewer and Drainage Bonds, including the Bonds. Funds in the Water, Sewer and Drainage Debt Service Fund are not available to pay principal and interest on the Outstanding Road Bonds, and funds in the Road Debt Service Fund are not available to pay principal and interest on the Outstanding Water, Sewer and Drainage Bonds, including the Bonds.

$111,500 of capitalized interest, which is the maximum amount approved by the TCEQ, shall be deposited into the Water, Sewer and Drainage Debt Service Fund upon receipt. The remaining proceeds of the sale of the Bonds shall be deposited into the Water, Sewer and Drainage Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction costs and engineering fees, to pay interest on funds advanced by the Developer on behalf of the District, to pay operating advances, to pay administrative costs and certain other costs related to the issuance of the Bonds. Any monies remaining in the Water, Sewer and Drainage Capital Projects Fund after completion of construction of all water, sewer and drainage facilities will be used as described in the Bond Resolution or ultimately transferred to the Water, Sewer and Drainage Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of proceeds of the Bonds.

In its capacity as the Master District, the District also maintains separate accounting funds for debt service, contract tax and maintenance and operations. Such funds are separate from the District's accounts. See "THE SYSTEM—Master District Contract."

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so 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 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, voters of the District authorized the issuance of $37,350,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds. The Bonds are issued pursuant to such authorization. The TCEQ has approved the issuance of the Bonds subject to certain restrictions, including the use of proceeds of the Bonds 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, an election held within the District, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8442 of the Texas Special District Local Laws Code and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

Registration and Transfer

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 series, 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 series, 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 Bonds. 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.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT—General." The District's voters have authorized the issuance of $37,350,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds, $7,700,000 principal amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds, and $70,000,000 principal amount of unlimited tax bonds for constructing road facilities and refunding such bonds. After issuance of the Bonds, $32,620,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities and refunding such bonds will remain authorized but unissued, $64,815,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities and refunding such bonds will remain authorized but unissued and all of the authorized amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds will remain authorized but unissued. See "RISK FACTORS—Future Debt."

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. The Board has approved a park plan and at an election held within the District, voters of the District authorized the issuance of $7,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities, all of which remains authorized but unissued.

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

Annexation by the City of Houston

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

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

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

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) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Resolution.

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

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

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

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

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

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

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

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

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

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

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

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

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USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by BGE, Inc., the District's engineer (the "Engineer"). Non-construction costs are based upon either contract amounts or estimates of various costs 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 the agreed-upon procedures are completed by the District's auditor.

CONSTRUCTION COSTS		
Elyson Square Way and Elyson Center Drive Street	$	1,107,612
Elyson Exchange Way Street Dedication Section One		49,604
Elyson SFR Built to Rent		140,791
Engineering		176,315
Material Testing		31,623
Storm Water Pollution Prevention		12,011
Less: Surplus Funds (a)		(92,372)
Total Construction Costs	**$**	**1,425,584**
NON-CONSTRUCTION COSTS		
Underwriter's Discount	$	66,900
Capitalized Interest		111,500
Developer Interest (Estimated)		334,500
Operating Advances		73,350
Total Non-Construction Costs	**$**	**586,250**
ISSUANCE COSTS AND FEES		
Issuance Costs and Professional Fees	$	150,361
Bond Application Report		60,000
State Regulatory Fees		7,805
Total Issuance Costs and Fees	**$**	**218,166**
TOTAL BOND ISSUE	**$**	**2,230,000**

(a) The District will contribute $92,372 of surplus Water, Sewer and Drainage Capital Project Funds towards the issuance of the Bonds. See "SELECTED FINANCIAL INFORMATION (UNAUDITED)."

ELYSON

The District is one of six municipal utility districts, collectively comprising the approximately 3,599 acres marketed as the master-planned community of Elyson, which is planned to encompass all such acres at full development. The District also acts in the capacity of the Master District (see "THE SYSTEM—Master District Contract"). Recreational amenities within Elyson include a 6,500 square foot welcome center that includes a pool, a fitness center and a game room located in MUD 457 and a second 3,600 square foot recreation center within MUD 534, which includes two pools, a fitness center, and a space for special events and other activities. Park and open space within Elyson, including the District, are or are planned to be connected by a master trail system.

THE DISTRICT

General

The District is a municipal utility district created by the Texas Water Commission (a predecessor to the TCEQ) on October 16, 1978. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended.

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; to collect, transport, and treat wastewater; to control and divert storm water; to provide parks and recreational facilities and to construct certain roads within its boundaries. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, purchase, construct, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the City of Houston, the TCEQ and the voters of the District. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation of the District from the City of Houston, within whose extraterritorial jurisdiction the District lies, the District is required to observe certain requirements of the City of Houston which (1) limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, roads and recreational facilities, (2) require approval by the City of Houston of District construction plans, and (3) permit connections only to single-family lots and commercial or multi-family/commercial platted reserves which have been approved by the Planning Commission of the City of Houston. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See “THE SYSTEM—Regulation.”

Description and Location

The District consists of approximately 399 acres of land. The District is located in Harris County approximately 35 miles west of the central downtown business district of the City of Houston. The District lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of Cypress-Fairbanks Independent School District. Access to the District is provided by the Grand Parkway (Texas State Highway 99). Main thoroughfares to the community include Farm-to-Market 529, Katy Hockley Cut-Off Road, Porter Road, and Longenbaugh Road with the main entrance to Elyson on Farm-to-Market 529. See “AERIAL LOCATION MAP.”

Status of Development

Approximately 114 acres of land within the District have been provided with trunk utilities related to water, sewer and drainage facilities for commercial development. Of such acreage, approximately 27 acres have been developed as The Plaza at Elyson, which according to Brookfield, includes an approximately 145,000 square foot Target store as the anchor tenant, an approximately 25,000 square foot Burlington Coat Factory, a T.J. Maxx, a Chick-Fil-A, a Whataburger, a Jersey Mike’s, a Taco Cabana, a PNC Bank and an additional approximately 40,000 square feet of retail. The Elyson Town Center, an approximately 190,000 mixed-use development, has been constructed on approximately 17 acres and consists of office space, restaurants, and various retail and service businesses. Additional commercial development in the District consists of a children’s day care facility, a McDonald’s, a car wash, an urgent care center, a Chase Bank, a Salata, a Taco Bell, two additional quick service restaurants, a fitness center, a Goodyear Tire and an approximately 200,000 square foot retail center, collectively developed on approximately 18 acres. Of such acreage, approximately 52 acres are served with trunk facilities but do not have vertical improvements to date.

In addition to the development described above, Millers at Elyson, a single-family rental community owned and leased by Brookfield, has been developed on approximately 18 acres, of which approximately 2 acres are within the District and approximately 16 acres are within MUD 458. There are 14 rental home lots and 4 duplex lots (8 residential units) in the District.

Approximately 234 acres are undevelopable (public rights-of-way, detention, open spaces, easements and utility sites) and approximately 49 developable acres have not been provided with trunk facilities. See “RISK FACTORS” and “TAX DATA—Principal Taxpayers.”

Future Development

There are approximately 52 acres of land in the District served with underground water, sewer and drainage trunk utilities for future development and an additional approximately 49 acres of land available for development but not yet served with trunk facilities. There can be no assurances when or if any taxable improvements will be constructed. The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water), the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of $105,135,000 should be sufficient to finance the construction of facilities to complete the District’s water, sewer, drainage, roads and recreation system for full development of the District.

THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS

Role of a Developer

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

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

NASH FM 529 LLC

Nash FM 529 was created for the sole purpose of acquiring and developing Elyson, including the District and its only substantial asset consists of land in Elyson. North America Sekisui House L.L.C., a Delaware limited liability company, owns a 95% interest in NASH FM 529. American Newland Communities II, LLC., a Delaware limited liability company ("Newland") owns a 5% interest in NASH FM 529. Newland is wholly owned by Brookfield Communities US, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield, which is indirectly wholly owned by Brookfield Residential Properties, Inc. Brookfield Properties is a global developer and operator of high-quality real estate assets and is active in nearly all real estate sectors, including office, retail, multi-family, hospitality and logistics. Nash FM 529 continues to own approximately 282 acres of vacant land within the District, of which approximately 49 acres are considered developable.

Principal Property Owners

The approximately 114 acres within the District developed with commercial/retail businesses is owned by various entities. ETC Development LLC owns approximately 17 acres of land within the District upon which it has developed the Elyson Town Center, an approximately 190,000 mixed-use development consisting of office space, restaurants, and various retail and service businesses. HEB LP owns approximately 15 acres of land within the District that has been served with utilities for development but does not yet have vertical improvements. Plaza at Elyson, Ltd. owns approximately 12 acres of land within the District upon which it has developed The Plaza at Elyson, which consists of an approximately 145,000 square foot Target store as the anchor tenant (not owned by Plaza at Elyson, Ltd.), an approximately 25,000 square foot Burlington Coat Factory, a T.J. Maxx, a Chick-Fil-A, a Whataburger, a Jersey Mike's, a Taco Cabana, a PNC Bank and an additional approximately 40,000 square feet of retail. Target Corporation owns 12 acres of land within the District upon which it has developed an approximately 145,000 square foot Target store. EMU Partners LLC owns approximately 11 acres of land within the District upon which consists of a retail center, and multiple fast-food restaurants.

Neither the Developer nor any other landowner are obligated to pay any principal of or interest on the Bonds. See "RISK FACTORS—Dependence on Major Taxpayers," "THE DISTRICT—Status of Development" and "TAX DATA—Principal Taxpayers."

Obligations of the Developer and Principal Property Owners

Neither the Developer nor the principal property owners or any other landowner have any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time. See "RISK FACTORS—Dependence on Major Taxpayers " and "TAX DATA—Principal Taxpayers."

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 members of the Board own land within the District, subject to a note and deed of trust in favor of Nash FM 529. 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
Duane Heckmann	President	May 2030
Mark Yentzen	Vice President	May 2030
Caleb Burson	Secretary	May 2028
Marilyn Roberts	Asst. Vice President	May 2030
Todd Hamilton	Asst. Secretary	May 2028

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 payable from proceeds of the sale of the Bonds and 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.

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

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

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

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

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

Utility System Operator: The operator of the District's internal water and wastewater system is Si Environmental, LLC. Si Environmental, LLC also serves as the operator of the Master District's water supply and wastewater treatment system. See "THE SYSTEM."

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 collector function. Utility Tax Service, LLC (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

THE SYSTEM

The Master District Contract

The District, in its capacity as the Master District, provides certain regional water, sanitary sewer, storm sewer, parks, roads and other facilities (collectively, the "Master District Facilities") necessary to serve the Master District's approximately 3,599 acre service area (the "Service Area"). The Master District's Service Area includes the following municipal utility districts: the District in its capacity as a Participant, MUD 457, MUD 458, MUD 532, MUD 533, and MUD 534. Each of the District, MUD 457, MUD 458, MUD 532, MUD 533, and MUD 534 has executed a Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended (individually referred to as the "Master District Contract" and collectively referred to as the "Master District Contracts").

The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Master District's Contract Revenue Bonds (as defined in "RISK FACTORS—Overlapping Master District Debt and Contract Tax") based upon each Participants' certified appraised value as a percentage of the certified appraised value of all the Participants, calculated annually. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem Contract Tax (as defined in "RISK FACTORS—Overlapping Master District Debt and Contract Tax") without legal limit as to rate or amount, or from any other legally available funds. The Contract Payments (as defined in "RISK FACTORS—Overlapping Master District Debt and Contract Tax") for each Participant shall be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution or indenture of trust. Each Participant's Contract Payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its Contract Payments is the sole responsibility of the Participant.

The Master District Contracts also provide for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions. The Master District owns and operates the Master District Facilities, except for roadways that are accepted by Harris County, for operation and maintenance by the Harris County. Each Participant (including the District) will own and operate its internal facilities. The internal facilities are expected to be financed with unlimited tax bonds sold by each of the Participants, including the District. It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Water/Sewer/Drainage Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Water/Sewer/Drainage Facilities needed to provide it with service, and convey such Master District Water/Sewer/Drainage Facilities to the Master District in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such Master District Water/Sewer/Drainage Facilities. Each Participant is further obligated to pay monthly charges to the Master District for water and sewer services rendered pursuant to the Master District Contracts. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses and reserve requirements is based upon a "unit cost" of operation and maintenance expense and reserve requirements calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by the unit cost per equivalent single-family residential connection. The monthly cost per single family equivalent connection being charged by the Master District to Participant is currently $50.00. Pursuant to the Master District Contracts each Participant is obligated to establish and maintain rates, fees and charges for its water and wastewater services which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay operation and maintenance charges of the Master District, to pay other costs of operating and maintaining its own utility system, and to pay its obligations pursuant to the Master District Contract, including its Contract Payments. The Master District does not expect that revenues from Participant's wastewater collection and water distribution systems will ever be sufficient to pay a significant portion of contract payments for application to debt service on the Contract Revenue Bonds. All sums payable by each Participant to the Master District pursuant to the Master District Contracts are to be paid by such Participants without set off, counterclaim, abatement, suspension or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Master District Contracts provide that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's facilities by such Participant in addition to the Master District's other remedies pursuant to the Master District Contracts. As a practical matter, the Participants have no alternative provider of the water and wastewater services rendered by the Master District under the Master District Contracts.

Master District Facilities

Water Supply: The water supply facilities of the Master District currently consist of six water wells with a total capacity of 5,500 gallons per minute ("gpm"), 4,215,000 gallons of ground storage tank capacity, pressure tank capacity of 150,000 gallons, booster pump capacity of 19,400 gpm, and all appurtenances. According to the Engineer, the major components of the Master District's water supply system have capacity to serve approximately 7,212 equivalent single-family connections ("ESFCs"). According to the Operator, as of September 30, 2026, the Participants have 4,142 active connections (including 3,777 active single-family residential connections, 40 vacant single-family residential connections and 325 homes under construction or in a builder's name). Construction has commenced for an additional water well with completion expected by the fourth quarter of 2026. Upon completion, the Master District's water supply system will have capacity to serve approximately 8,125 ESFCs.

In order to fully provide water supply to the Service Area, the Master District Facilities will need to be expanded from time to time to meet the demand for such facilities.

Wastewater Treatment: The wastewater treatment facilities of the Master District consist of one plant with a total capacity of 2,000,000 gallons per day ("gpd"). According to the Engineer, the major components of the Master District's wastewater treatment system have capacity to serve approximately 8,000 ESFCs. According to the Operator, as of September 30, 2026, the Participants have 4,142 active connections (including 3,777 active single-family residential connections, 40 vacant single-family residential connections and 325 homes under construction or in a builder's name).

Regional Water Distribution and Wastewater Collection: Regional water distribution facilities consist of waterlines ranging in size from 12-inch to 24-inch, generally located within the rights-of-way. These water distribution facilities supply water from the Master District water supply facilities to the Participant's facilities. The Wastewater Collection facilities include wastewater lines ranging in size from 10-inch to 27-inch generally located within the rights-of-way of collection roads and the previously listed major thoroughfares. These collection lines collect waste from the Participants and transport it to the Master District's wastewater treatment facilities.

Regional Road System: See "THE ROAD SYSTEM."

Master Drainage: The Master District also provides the Service Area with drainage facilities designed to handle a 100-year storm event. These facilities include drainage channels, detention ponds, water quality ponds, conveyance storm sewer, and reinforced outfalls.

Master District Park Facilities: The Master District provides or will provide an interconnected grade separated trail system connecting community parks and recreation facilities. This system extends along and utilizes the drainage corridors as linear parks connecting multiple neighborhood parks. Pursuant to the Master District Contract, the Master District shall not issue Contract Revenue Bonds for park or recreational facilities. The Master District may, however, require Participants, including the District, to remit Park Construction Charges (as defined in the Master District Contract) to pay for Master District Park Facilities. See "THE BONDS—Financing Parks and Recreation Facilities."

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Internal water distribution, wastewater collection and storm drainage facilities have been constructed by the District to serve approximately 114 acres of commercial tracts and approximately 2 acres of single-family residential. See "THE DISTRICT—Status of Development."

Flood Protection and Drainage

A portion of the District lies within the Bear Creek and South Mayde Creek watersheds within the Addicks Reservoir Watershed. The District is located within floodplains associated with Bear Creek, South Mayde Creek, and the Cypress Creek overflow zone. The majority of such areas are subject to shallow overland flows, which are collected into channels within the development. The floodplains associated with Bear Creek and South Mayde Creek are allowed to maintain their natural floodplain function.

The Master District developed a master drainage plan that received approval from the Harris County Flood Control District. The Master District has also received approval of its master drainage plan applications submitted to Harris County and Federal Emergency Management Agency. As development occurs within the Service Area, the master drainage plan removes the developed lots from the 100-year flood plain by filling the development areas, with the flood plain fill mitigated by excavation from other areas within the flood plain that will remain undeveloped. According to the Engineer, none of the currently developed lots in the Service Area are in the 100-year flood plain as a result of the aforementioned process. The flood plain removal is accomplished by submittal of detailed survey information provided to FEMA through a process called a Letter of Map Revisions Based on Fill ("LOMR-F") based on lot elevation. However, during times of severe flooding, area roads can become inundated, which may restrict access into, within, and out of the District. According to the Engineer, approximately 1,430 acres of the Service Area remain within the 100-year flood plain. Undeveloped but developable acreage contained within this area may be filled and removed as development warrants. See "RISK FACTORS—Extreme Weather Events."

Subsidence and Conversion to Surface Water Supply

The Master District and the District are within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the West Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County and a small portion of Fort Bend County. The Master District and the District are located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g. surface water). The District has no wells; however, the Master District's groundwater well(s) are included within the Authority's GRP.

The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP. The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the Master District for groundwater pumped by the Master District and rates for the sale of surface water purchased by the Master District from the Authority), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the Master District, to convert from groundwater to surface water. The Authority currently charges the Master District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the Master District and a rate per 1,000 gallons of surface water purchased by the Master District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

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

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

Regulation

Construction and operation of the District's facilities and the Master District Facilities as they now exist or as they 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 and the Master District. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Harris County Drainage District. Harris County and the City of Houston also exercise regulatory jurisdiction over the District and the Master District Facilities.

According to the Engineer, the District's improvements that have or will be financed with proceeds of the District bond issuances, have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and the approval and permitting requirements of the TCEQ, the Texas Department of Health, Harris County and the City of Houston, where applicable. Construction of the District's facilities is subject to inspection by the TCEQ, the City of Houston and Harris County. Each of the aforementioned agencies exercises continuing jurisdiction over the District's and Master District facilities.

Water and Wastewater Operations

The Bonds and the Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Nevertheless, net revenues from operations of the District's water and wastewater system, if any, are available for any legal purpose, including the payment of debt service on the Bonds and the Outstanding Bonds, upon Board action. However, it is not anticipated that net revenues will be used or would be sufficient to pay debt service on the Bonds and the Outstanding Bonds.

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

		Fiscal Year Ended December 31			
	1/1/2026 to 8/31/2026 (unaudited)	2025	2024	2023	2022
Revenues					
Property Taxes	$ 246,842	$ 219,846	$ 329,858	$ 388,584	$ 203,987
Water Service	79,835	115,108	70,169	34,135	33,037
Sewer Service	47,108	54,121	25,071	9,810	1,186
Regional Water Fee	169,794	349,187	234,285	231,298	238,445
Penalties and Interest	2,244	4,621	2,091	365	99
Tap Connection and Inspection Fees	107,783	370,964	91,020	228,692	-
Investment Income	1,892	6,019	10,321	3,394	471
Other Income	-	276	-	5,629	272
Total Revenues	$ 655,498	$ 1,120,142	$ 762,815	$ 901,907	$ 477,497
Expenditures					
Purchased Services	$ 262,350	$ 491,520	$ 214,380	$ 140,760	$ 39,760
Regional Water Authority Fees	169,230	379,395	244,421	214,047	210,573
Professional Fees	88,930	123,006	121,700	116,242	125,988
Contracted Services	8,719	11,931	9,508	16,258	8,538
Other Expenditures	18,188	22,936	27,682	15,658	29,364
Tap Connections	69,853	162,521	67,366	87,750	-
Debt Service, Contractual Obligation	-	-	-	208,656	96,636
Total Expenditures	$ 617,271	$ 1,191,309	$ 685,057	$ 799,371	$ 510,859
Revenues Over (Under) Expenditures	$ 38,227	$ (71,167)	$ 77,758	$ 102,536	$ (33,362)
Other Sources					
Developer Advances	$ -	$ -	$ -	$ -	$ 100,000
Transfers In (Out)	-	(22,417)	(165)	-	-
Fund Balance (Beginning of Year)	$ 123,918	$ 217,502	$ 139,909	$ 37,373	$ (29,265)
Fund Balance (End of Year)	$ 162,145	$ 123,918	$ 217,502	$ 139,909	$ 37,373

THE ROAD SYSTEM

The Master District, in its capacity as the provider of facilities for regional arterial, collector and thoroughfares and improvements in aid thereof ("Master District Road Facilities") necessary to serve the Service Area has constructed or will construct the Master District Road Facilities. The major arterial, collector and thoroughfare roads necessary to serve the Service Area, include but are not limited to: Farm-to-Market 529, Katy Hockley Cut-Off Road, Longenbaugh Road, Peek Road and Porter Road. The major thoroughfares and collectors consist of stabilized curb and gutter 8-inch concrete pavement and includes bridges.

All roadways are designed and constructed in accordance with Harris County and City of Houston standards, rules and regulations. To date, Harris County has accepted the completed Master District Road Facilities for operation and maintenance and is responsible for operation and maintenance thereof. In the event Harris County were to fail to accept the Master District Road Facilities, the Master District is expected to include the cost of maintenance of same in the Master District's operation and maintenance expenses to be shared by the Participants in accordance with the Master District Contract, and such cost could be significant. These roads lie within the public rights-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the rights-of-way. The rights-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

In addition to the Master District Road Facilities, internal roadways have been or are being constructed by the Participants, including the District. The internal roadways constructed by the District are designed and constructed in accordance with Harris County and City of Houston standards, rules and regulations. To date, Harris County has accepted the District's completed road facilities for operation and maintenance and is responsible for operation and maintenance thereof. In the event that Harris County were to fail to accept the District's road facilities, the District is expected to include the cost of maintenance of same in the District's operation and maintenance expenses, and such cost could be significant. These roads lie within the public rights-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The rights-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable). A portion of the Outstanding Bonds were used to reimburse the Developer for financing of construction of various internal roadways.

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FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$131,529,432	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$167,091,944	(b)
Gross Direct Debt Outstanding (after issuance of the Bonds)	$ 9,535,000	(c)
Estimated Overlapping Debt	23,079,647	(d)
Gross Direct Debt and Estimated Overlapping Debt	$32,614,647	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	7.25%	
Estimated Taxable Assessed Valuation as of August 1, 2026	5.71%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	24.80%	
Estimated Taxable Assessed Valuation as of August 1, 2026	19.52%	
Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund Balance as of October 12, 2026	$105,903	(e)
Road Debt Service Fund Balance as of October 12, 2026	106,515	(e)
Capitalized Interest from Proceeds of the Bonds	111,500	(e)(f)
Total Debt Service Funds Available	$323,918	
Operating Funds Available as of October 12, 2026	$ 72,861	(g)
Water, Sewer and Drainage Capital Project Funds Available as of October 12, 2026	$ 93,515	(h)
Road Capital Project Funds Available as of October 12, 2026	$118,922	
Contract Tax Funds Available as of October 12, 2026	$ 0	

(a) The 2026 Taxable Assessed Valuation shown herein includes $113,032,749 of certified value and $18,496,683 of uncertified value. The uncertified value is subject to change and downward revision prior to certification. No tax will be levied on the uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

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

(c) See "—Outstanding Bonds" below.

(d) See "—Estimated Overlapping Debt" and "—Overlapping Taxes."

(e) Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities, and are not available to pay debt service on bonds issued for water, sewer and drainage facilities, including the Bonds. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Water, Sewer and Drainage Debt Service Fund or the Road Debt Service Fund. See "THE BONDS—Funds."

(f) The District will capitalize $111,500 of interest from proceeds of the Bonds, which is the maximum amount approved by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(g) See "RISK FACTORS—Operating Funds."

(h) The District will contribute $92,372 of surplus Water, Sewer and Drainage Capital Project Funds towards the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. 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 $2,500,000 principal amount of unlimited tax bonds in one series and $5,185,000 principal amount of unlimited tax road bonds in one series, of which $7,305,000 principal amount is outstanding as of the date hereof (the "Outstanding Bonds"). The following table lists the original principal amount of the Outstanding Bonds and the Outstanding Bonds.

Series		Original Principal Amount	Outstanding Bonds
2024		$ 2,500,000	$ 2,380,000
2024	(a)	5,185,000	4,925,000
Total		$ 7,685,000	$ 7,305,000

(a) Unlimited tax road bonds.

Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that $111,500 of interest, which is the maximum amount approved by the TCEQ, will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 469,681		$ 98,127	$ 98,127	$ 567,808
2028	473,281	$ 35,000	125,269	160,269	633,550
2029	476,481	40,000	122,600	162,600	639,081
2030	479,281	40,000	119,550	159,550	638,831
2031	481,681	40,000	116,500	156,500	638,181
2032	478,681	45,000	113,450	158,450	637,131
2033	485,481	45,000	110,019	155,019	640,500
2034	486,681	50,000	106,588	156,588	643,269
2035	492,481	50,000	102,838	152,838	645,319
2036	492,681	55,000	99,088	154,088	646,769
2037	492,163	55,000	96,269	151,269	643,431
2038	496,231	60,000	93,450	153,450	649,681
2039	499,681	65,000	90,375	155,375	655,056
2040	502,144	65,000	87,044	152,044	654,188
2041	503,969	70,000	83,713	153,713	657,681
2042	505,156	75,000	80,125	155,125	660,281
2043	505,281	75,000	76,281	151,281	656,563
2044	514,750	80,000	72,438	152,438	667,188
2045	513,125	85,000	68,338	153,338	666,463
2046	515,844	90,000	63,875	153,875	669,719
2047	522,688	95,000	59,150	154,150	676,838
2048	518,438	100,000	54,163	154,163	672,600
2049	528,531	105,000	48,913	153,913	682,444
2050	532,313	110,000	43,400	153,400	685,713
2051	-	350,000	37,625	387,625	387,625
2052	-	350,000	18,813	368,813	368,813
Total	$ 11,966,725	$ 2,230,000	$ 2,187,996	$ 4,417,996	$ 16,384,721

Average Annual Debt Service Requirements (2027-2052) $630,182
Maximum Annual Debt Service Requirement (2050) $685,713

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 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	$ 3,080,611,581 (a)	8/31/2026	0.02%	$ 616,122
Harris County Flood Control District	1,034,900,000	8/31/2026	0.02%	206,980
Harris County Department of Education	28,960,000	8/31/2026	0.02%	5,792
Harris County Hospital District	1,644,825,000	8/31/2026	0.02%	328,965
Port of Houston Authority	386,074,397	8/31/2026	0.02%	77,215
Cypress-Fairbanks Independent School District	3,264,440,000	8/31/2026	0.16%	5,223,104
Lone Star College System	338,975,000	8/31/2026	0.03%	101,693
The Master District	253,760,000	(b)	6.51%	16,519,776
Total Estimated Overlapping Debt				$ 23,079,647
The District (c)				9,535,000
Total Direct and Estimated Overlapping Debt				$ 32,614,647
Ratio of Direct and Overlapping Debt to 2026 Taxable Appraised Valuation of $131,529,432				24.80%
Ratio of Direct and Overlapping Debt to Estimated Appraised Valuation as of August 1, 2026 of $167,091,944				19.52%

(a) Excludes the Harris County Toll Road Unlimited Tax Bonds in the principal amount of $85,310,000. Historically, Harris County has provided for payment of such debt service from toll road revenues and certain other funds, and no ad valorem tax revenue has been required to pay debt service on such bonds.
(b) Includes $32,700,000 principal amount of Contract Revenue Bonds for water, sewer and drainage facilities expected to be issued on November 19, 2026. See "RISK FACTORS—Overlapping Master District Debt and Contract Tax."
(c) 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, 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 is a summary of taxes levied for the 2026 tax year by all entities overlapping the District and the 2026 tax rate of 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.

	2026 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)	$ 0.676267
Cypress-Fairbanks Independent School District (a)	1.066900
Lone Star College System	0.105800
Harris County ESD No. 9	0.045000
Total Overlapping Tax Rate	$ 1.893967
The District (b)	1.390000
Total Tax Rate	$ 3.283967

(a) Represents the 2025 tax rate.
(b) See "TAX DATA—Historical Tax Rate Distribution."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds and 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, "—Tax Roll Information" herein, and "TAXING PROCEDURES."

Contract Tax

The Master District has the statutory authority and voter authorization of each of the Participants currently participating in the Master District Contract, including the District, to issue Contract Revenue Bonds. Each of the Participants' pro rata share of the debt service requirements on the Contract Revenue Bonds is determined by dividing each Participant's certified appraised value by the total of all the Participants' certified appraised valuation. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of an annual unlimited contract tax, or from any other legally available funds. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District's Contract Revenue Bonds are issued. See "RISK FACTORS—Overlapping Master District Debt and Contract Tax" and "THE SYSTEM—The Master District Contract."

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's water, sewer and drainage system and roads, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted November 4, 2014 and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 appraised valuation for utility maintenance and $0.25 for road maintenance. 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

	2026	2025	2024	2023	2022
Debt Service	$ 0.350	$ 0.210	$ 0.300	$ -	$ -
Contract Tax	0.835	0.820	0.780	0.760	0.770
Maintenance and Operations	0.205	0.360	0.310	0.630	0.620
Total	$ 1.390	$ 1.390	$ 1.390	$ 1.390	$ 1.390

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of September 30, 2026 (b) Amount	Percent
2021	$ 13,766,136	$ 1.390	$ 191,349	$ 191,349	100.00%
2022	28,355,372	1.390	394,140	394,140	100.00%
2023	51,965,247	1.390	722,317	722,317	100.00%
2024	68,302,043	1.390	949,398	949,398	100.00%
2025	112,763,267	1.390	1,567,409	1,566,846	99.96%
2026	131,529,432	1.390	1,828,259	(c)	(c)

(a) Certified by the Appraisal District less any exemptions granted. See "—Tax Roll Information" below for exemptions granted by the District.
(b) Unaudited.
(c) In process of collection. Taxes for 2026 are due by January 31, 2027.

Additional Penalties

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

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2022 through 2026 Taxable Assessed Valuation. Accurate breakdowns related to the uncertified portion ($18,496,683) of the 2026 Taxable Assessed Valuation of $131,529,432 and Estimated Taxable Assessed Valuation as of August 1, 2026 of $167,091,944 are not available as of the date hereof.

	Type of Property			Gross	Deferments		Net
Tax Year	Land	Improvements	Personal Property	Assessed Valuations	and Exemptions (a)	Uncertified Value	Assessed Valuations
2022	$ 29,035,968	$ 1,645,837	$ 140,060	$ 30,821,865	$ (2,466,493)	$ -	$ 28,355,372
2023	31,784,735	17,262,681	5,559,334	54,606,750	(2,641,503)	-	51,965,247
2024	40,789,740	24,417,322	5,561,203	70,768,265	(2,466,222)	-	68,302,043
2025	54,009,762	50,066,339	11,261,195	115,337,296	(2,574,029)	-	112,763,267
2026	48,630,583	65,766,049	2,151,206	116,547,838	(3,515,089)	18,496,683	131,529,432

(a) See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Principal Taxpayers

The following table represents the ten principal taxpayers, and the taxable assessed value of such property as a percentage of the certified portion ($113,032,749) of the 2026 Taxable Assessed Valuation of $131,529,432. This represents ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($18,496,683) of the 2026 Taxable Assessed Valuation, and the Estimated Taxable Assessed Valuation as of August 1, 2026 of $167,091,944 are not available as of the date hereof.

Taxpayer	Type	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Target Corporation (a)	Land & Improvement	$ 23,562,311	20.85%
EMU Partners LLC (a)	Land & Improvement	22,854,872	20.22%
ETC Development LLC (a)	Land & Improvement	22,406,932	19.82%
Plaza at Elyson LTD (a)	Land & Improvement	20,742,967	18.35%
HEB LP (a)	Land	7,162,940	6.34%
Navidad Retail Partners I LLC	Land & Improvement	3,943,880	3.49%
Tesseract Realty LLC	Land & Improvement	2,140,503	1.89%
Memorial 529 Properties LLC	Land & Improvement	1,863,247	1.65%
Barkers Longenbaugh LLC	Land & Improvement	1,801,030	1.59%
ETC II LLC	Land	1,748,930	1.55%
Total		$ 108,227,612	95.75%

(a) See "THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $131,529,432 ($113,032,749 of certified value and $18,496,683 of uncertified value) or the Estimated Taxable Assessed Valuation as of August 1, 2026 of $167,091,944. 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 the taxable value 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 "RISK FACTORS—Possible Impact on District Tax Rates" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2027-2052)	$630,182
$0.51 Tax Rate on 2026 Taxable Assessed Valuation	$637,260
$0.40 Tax Rate on Estimated Taxable Assessed Valuation as of August 1, 2026	$634,949
Maximum Annual Debt Service Requirement (2050)	$685,713
$0.55 Tax Rate on 2026 Taxable Assessed Valuation	$687,241
$0.44 Tax Rate on Estimated Taxable Assessed Valuation as of August 1, 2026	$698,444

No representation or suggestion is made that the uncertified portion ($18,496,683) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 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 Bonds, the Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the District may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA—Debt Service Tax," "—Contract Tax," and "—Maintenance and Operations Tax."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, 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. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: 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. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

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

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited 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, open space or timberland 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.

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.

Unless extended by the Legislature, through 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. For more information on the disaster exemption, reference is made to Section 11.35 of the Texas Tax Code.

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. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. 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, may be rejected. 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 in writing 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 equal 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.

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

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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a 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 than1.035 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 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 was designated as a "Developing District" for the 2026 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described 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 "RISK FACTORS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

LEGAL MATTERS

Legal Proceedings

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," "THE SYSTEM—The Master District Contract," "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 Developer for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No 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 financial condition of the District from that set forth or contemplated in the PRELIMINARY OFFICIAL STATEMENT, as amended or supplemented through the date of 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 non encumbrance 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.

Not Qualified Tax-Exempt Obligations

The Bonds have not been designated "qualified tax-exempt obligations" for financial institutions.

Additional Federal Income Tax Considerations

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount: If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "—Tax Exemption," "—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") is expected to assign a municipal bond insured 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 Assured Guaranty Inc. ("AG" or the "Insurer"). The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. An explanation of the rating may be obtained from S&P. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating 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, Assured Guaranty Inc. ("AG" or the "Insurer") will issue its municipal bond insurance policy (the "Policy") for the Bonds. 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, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.
- The contingency reserve of AG was approximately $1,569 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8 K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "MUNICIPAL BOND INSURANCE—Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

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 Developer, the Engineer, the Tax Assessor/Collector, the Bookkeeper, 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. Each consultant has agreed to the use of information provided by such firms.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the historical breakdown of the District's assessed valuations and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the District's and Master District's water and wastewater system and certain information included in the sections entitled "THE DISTRICT—Description and Location" and "—Status of Development," "THE SYSTEM" and "THE ROAD SYSTEM" has been provided by BGE, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "THE SYSTEM—Water and Wastewater Operations" has been provided by District Data Services, Inc. is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time 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 official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

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

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of 17 CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, 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 within the meaning of the Rule, 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 within the meaning of the Rule, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described under "—Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access ("EMMA") internet portal at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the registered owners of a majority in aggregate principal amount of the outstanding bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered owners 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 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 all continuing disclosure agreements in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDIX 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.

This OFFICIAL STATEMENT was approved by the Board of Directors of Harris County Municipal Utility District No. 171, as of the date shown on the cover page.

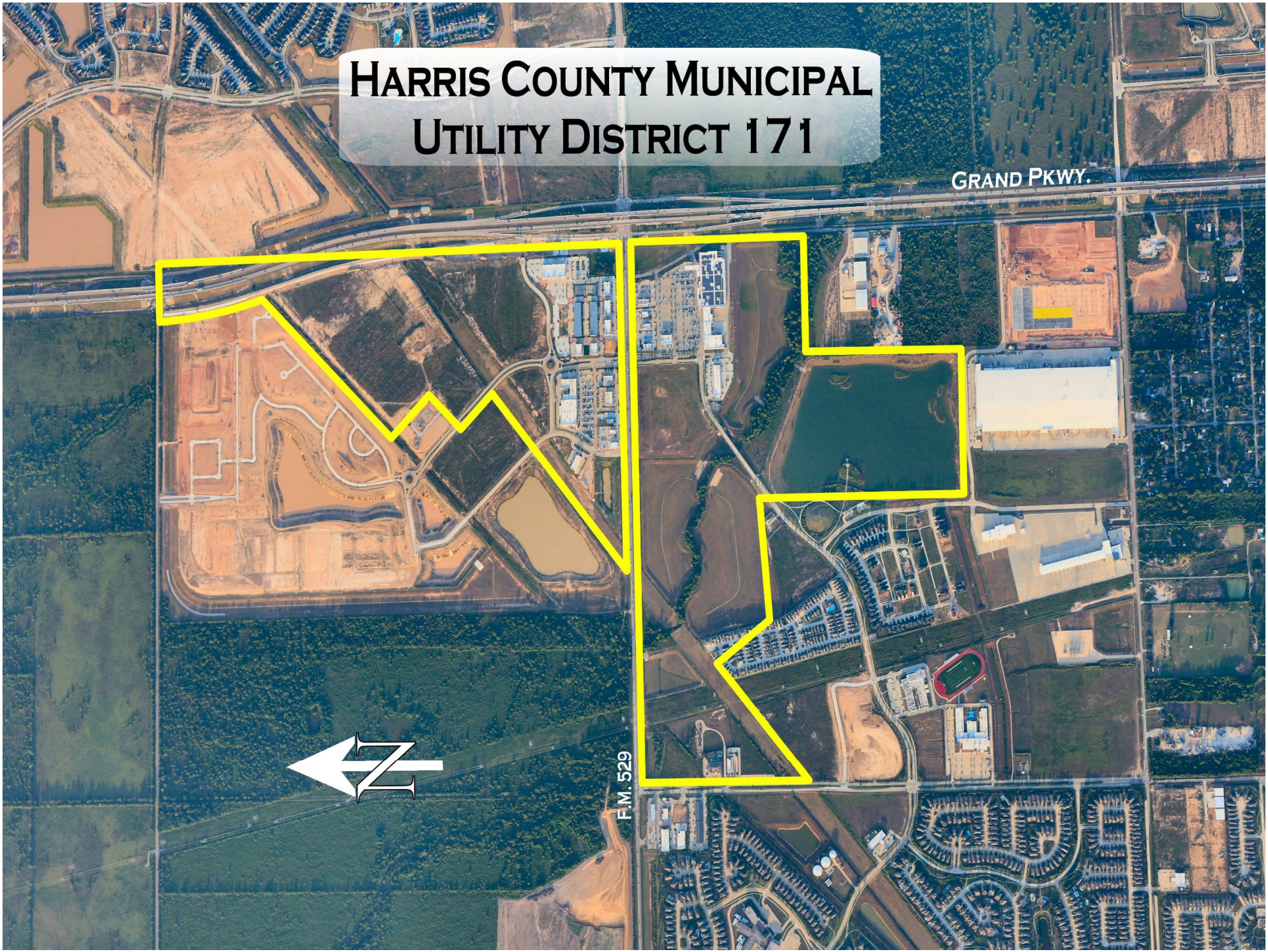
/s/ Duane Heckman
President, Board of Directors
Harris County Municipal Utility District No. 171

ATTEST:

/s/ Mark Yentzen
Vice President, Board of Directors
Harris County Municipal Utility District No. 171

AERIAL LOCATION MAP

(Approximate boundaries as of August 2026)


HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT 171
GRAND PKWY.
F.M. 529

PHOTOGRAPHS OF THE DISTRICT

(Taken August 2026)






target
target
Burlington
Bath & Body Works
MATTRESS FIRM
MILANO NAIL SPA
Visionworks
AT&T
22231A


Burlington


the LASH LOUNGE
BalletElle
ALCHEMY BAKE LAB
CONTEMPORARY EYE CARE
VITALITY
V's BARBERSHOP
ResultsPT
CORK IT
SUBWAY
Sole MASSAGE
6845
Leased & Managed By
NEW | REGIONAL | PLANNING
713.523.2929


salata salad kitchen
URGENT CARE
DENTAL CARE
EOS FITNESS


COMING SOON
WATER WINGS
SWIM SCHOOL
WINGSTOP


GOODYEAR
SunAuto
Tire & Service


RODEO


WHATABURGER

APPENDIX A

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

Harris County Municipal Utility District No. 171

Harris County, Texas

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

December 31, 2025

Harris County Municipal Utility District No. 171
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December 31, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 171
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Harris County Municipal Utility District No. 171 (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

Houston, Texas
May 8, 2026

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

2025 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 2,404,235	$ 44,821,530	$ 47,225,765
Capital assets	3,788,235	211,316,212	215,104,447
Total assets	$ 6,192,470	$ 256,137,742	$ 262,330,212
Long-term liabilities	$ 11,049,675	$ 305,402,125	$ 316,451,800
Current and other liabilities	154,594	2,710,095	2,864,689
Total liabilities	11,204,269	308,112,220	319,316,489
Deferred inflows of resources	1,658,847	-	1,658,847
Net position			
Net investment in capital assets	(1,008,651)	(23,475,802)	(24,484,453)
Restricted	9,753	10,093,907	10,103,660
Unrestricted	(5,671,748)	(38,592,583)	(44,264,331)
Total net position	$ (6,670,646)	$ (51,974,478)	$ (58,645,124)

2024 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 2,184,732	$ 32,355,315	$ 34,540,047
Capital assets	3,453,785	175,540,638	178,994,423
Total assets	$ 5,638,517	$ 207,895,953	$ 213,534,470
Long-term liabilities	$ 10,366,671	$ 245,248,789	$ 255,615,460
Current and other liabilities	104,064	4,557,104	4,661,168
Total liabilities	10,470,735	249,805,893	260,276,628
Deferred inflows of resources	1,045,942	-	1,045,942
Net position			
Net investment in capital assets	(861,198)	(22,260,703)	(23,121,901)
Restricted	1,278	10,061,177	10,062,455
Unrestricted	(5,018,240)	(29,710,414)	(34,728,654)
Total net position	$ (5,878,160)	$ (41,909,940)	$ (47,788,100)

The total net position of the District's governmental activities decreased by $792,486, or approximately 13%, primarily due to services expenses exceeding charges for services revenues as well as the conveyance of capital assets to another governmental entity for maintenance.

The total net position of the District's business-type activities decreased by $10,064,538, or approximately 24%. The majority of the decrease in net position is due to regional service operations, depreciation, and debt service expenses and conveyance of capital assets exceeding charges for regional services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

2025 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues			
Charges for services	$ 896,243	$ 17,355,278	$ 18,251,521
General revenues			
Property taxes	985,761	-	985,761
Other revenues	47,399	1,375,889	1,423,288
Total revenues	1,929,403	18,731,167	20,660,570

2025 Summary of Changes in Net Position (Continued)

	Governmental Activities	Business-Type Activities	Total
Expenses			
Services	$ 1,217,642	$ 5,107,633	$ 6,325,275
Depreciation	91,617	4,334,850	4,426,467
Conveyance of capital assets	474,932	10,369,243	10,844,175
Debt service and contractual payments	937,698	8,983,979	9,921,677
Total expenses	2,721,889	28,795,705	31,517,594
Change in net position	(792,486)	(10,064,538)	(10,857,024)
Net position, beginning of year	(5,878,160)	(41,909,940)	(47,788,100)
Net position, end of year	$ (6,670,646)	$ (51,974,478)	$ (58,645,124)

2024 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues			
Charges for services	$ 433,213	$ 14,537,527	$ 14,970,740
General revenues			
Property taxes	727,871	-	727,871
Other revenues	21,060	1,192,278	1,213,338
Total revenues	1,182,144	15,729,805	16,911,949
Expenses			
Services	701,790	4,221,793	4,923,583
Depreciation	82,148	3,475,042	3,557,190
Conveyance of capital assets	920,508	9,655,762	10,576,270
Debt service and contractual payments	974,047	8,264,754	9,238,801
Total expenses	2,678,493	25,617,351	28,295,844
Change in net position	(1,496,349)	(9,887,546)	(11,383,895)
Net position, beginning of year	(4,381,811)	(32,022,394)	(36,404,205)
Net position, end of year	$ (5,878,160)	$ (41,909,940)	$ (47,788,100)

Financial Analysis of the District's Funds

Governmental Activities

The general fund's fund balance decreased by $93,584 primarily due to service operations expenditures exceeding property taxes, services, and tap connection and inspection fees revenues.

The debt service fund's fund balance decreased by $272,091 primarily due to principal and interest requirements and contractual obligation expenditures exceeding property taxes revenues and investment income.

The capital projects fund's fund balance decreased by $10,866 primarily due to capital outlay expenditures and debt issuance costs exceeding investment income.

Business-Type Activities

The enterprise fund's net position decreased by $10,064,538 due to operating expenses, interest and fees on the District's contract revenue bonded indebtedness, debt issuance costs, depreciation expense, and conveyance of capital assets exceeding charges for regional services revenues and investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to water service and regional water fee revenues and purchased services and regional water authority expenditures being greater than expected. In addition, tap connection and inspection fees revenues and tap connection expenditures were not budgeted. The fund balance as of December 31, 2025 was expected to be $196,977, and the actual end-of-year fund balance was $123,918.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2025	2024
Governmental activities		
Water facilities	$ 496,398	$ 430,980
Wastewater facilities	549,080	497,538
Drainage facilities	2,742,757	2,525,267
Total capital assets	$ 3,788,235	$ 3,453,785
Business-type activities		
Land and improvements	$ 84,552,405	$ 76,713,137
Construction in progress	14,155,884	6,943,851
Water facilities	36,992,309	31,419,733
Wastewater facilities	27,438,934	22,529,774
Drainage facilities	22,925,995	19,703,439
Parks and recreation	25,250,685	18,230,704
Total capital assets	$ 211,316,212	$ 175,540,638

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

Governmental activities		
Water, sewer, and drainage facilities to serve Elyson Center Drive Street Dedication	$	426,067
Business-type activities		
Land, including 37.297-acre site for Elyson Basin B, 0.9976-acre site for water well No. 3, 0.3616-acre site for lift station No. 2, 14.97-acre site for Elyson detention Basin A2, 44.39% of 157.11-acre site for Elyson, Phase 6 overflow mitigation and detention basin, Elyson, Phase 5B mitigation basin, and construction of Elyson, Basins E, F, and D	$	7,839,268
Construction in progress related to Elyson water plant No. 2 Phases 2 and 3 expansion, Elyson Phase 7 mitigation detention basin, Elyson Phase 5 storm water pump station, and water well No. 10		7,212,033
Water well Nos. 3, 5, and 7, water facilities to serve Elyson, Section 41 and Elyson Boulevard Section 4, and water plant No. 2 Phase 3		5,224,500
Water and sewer facilities to serve Elyson Square Way, Elyson Section 46, Prospect Oaks and Grand Central West Business Park, Elyson Boulevard and Elyson Lakes Drive Street Dedication, and Elyson Longenbaugh Road Street Dedication Section 1		2,453,065
Lift station No. 2 and wastewater treatment plant Phase 3		5,010,635
Drainage facilities for Elyson Basin A2, B, D, E, and F and Elyson Phase 5B mitigation basin		3,780,027
Park and recreation facilities, including Exchange Way North landscape, Elyson Boulevard Section 3 landscape, Elyson Section 51 and Basin A5 landscape, Elyson Basin A3, A4, and trails landscape, Elyson FM529 basin at Betz landscape, Elyson Sections 48, 53, 50, and Park landscape, Elyson Crescent Park Phases 1 and 2 landscape, Elyson Boulevard and Elyson Lakes Drive landscape, Elyson Basin E Trail landscape, and Elyson Section 49 landscape		8,590,896
Total additions to capital assets	$	40,110,424

The developer has constructed facilities on behalf of the Internal District (governmental activities) under the terms of contracts with the District. The District has agreed to reimburse the cost of these facilities from the sale of bonds subject to the approval of the Commission, as applicable, and the terms of the contracts with the developer. As of December 31, 2025, a liability for developer-constructed capital assets of $3,615,944 was recorded in the financial statements.

The developer has constructed regional facilities on behalf of the Master District (business-type activities) under the terms of contracts with the District. The District has agreed to reimburse the cost of these regional facilities from the sale of contract revenue bonds subject to the approval of the Commission, as applicable, and the terms of the contracts with the developer. As of December 31, 2025, a liability for developer-constructed capital assets of $99,118,228 was recorded in the financial statements.

Debt

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

	Governmental Activities	Business-Type Activities	Total
Long-term debt payable, beginning of year	$ 10,366,671	$ 245,248,789	$ 255,615,460
Increases in long-term debt	900,999	84,848,892	85,749,891
Decreases in long-term debt	(217,995)	(24,695,556)	(24,913,551)
Long-term debt payable, end of year	$ 11,049,675	$ 305,402,125	$ 316,451,800

At December 31, 2025, the District had $34,850,000 of Internal District unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District and for refunding such bonds; $7,700,000 of Internal District unlimited tax bonds authorized, but unissued, for the purpose of constructing recreational facilities and for refunding such bonds; and $64,815,000 of Internal District unlimited tax bonds authorized, but unissued, for the purpose of constructing roads and for refunding such bonds.

At December 31, 2025, the District had $469,625,000 of contract revenue bonds authorized, but unissued, for the purpose of acquiring and constructing Master District water, sewer, and drainage facilities and for refunding such bonds and $81,930,000 of road contract revenue bonds authorized, but unissued, for the purpose of constructing Master District road facilities and for refunding such bonds.

The District's governmental activities unlimited tax bonds are not rated.

The District's business-type activities contract revenue bonds carry an underlying rating of "Baa2" from Moody's Investors Service, Inc. (Moody's). The Series 2020, Road Series 2021, Series 2021, Series 2022, Road Series 2024, Series 2024, and Series 2024A bonds carry a "AA" rating from Standard & Poor's (S&P) by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2023 and 2025 bonds carry a "AA" rating from S&P by virtue of bond insurance issued by Assured Guaranty Inc. The Series 2025 bonds also carry an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Inc.

Since inception, the developer has advanced $304,000 to the Internal District for operations, of which $106,724 has been reimbursed. These advances have been recorded as liabilities in the financial statements.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent if the City complies with the procedures and requirements of Chapter 43, Texas Local Government Code, as amended, which may include voter approval. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and the District is dissolved.

Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs plus interest from the proceeds of future bond sales, to the extent approved by the Commission, as applicable. The District's engineer has stated that current construction

contract amounts are approximately $40,591,000 for the Master District. These amounts have not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Event

On April 14, 2026, the Master District issued its Road Contract Revenue Bonds, Series 2026, in the amount of $8,900,000 at a net effective interest rate of approximately 4.336%. The bonds were sold to reimburse the developer for road construction projects within the Master District.

Harris County Municipal Utility District No. 171
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 457,260	$ 44,422,981	$ 44,880,241
Short-term investments	655,335	-	655,335
Receivables			
Property taxes	1,280,711	-	1,280,711
Service accounts	46,729	-	46,729
Due from participants	-	362,749	362,749
Internal balances	(35,800)	35,800	-
Total Current Assets	2,404,235	44,821,530	47,225,765
Noncurrent Assets			
Capital assets, net			
Land	-	84,552,405	84,552,405
Construction in progress	-	14,155,884	14,155,884
Infrastructure	3,788,235	87,357,238	91,145,473
Parks and recreation	-	25,250,685	25,250,685
Total Noncurrent Assets	3,788,235	211,316,212	215,104,447
Total Assets	$ 6,192,470	$ 256,137,742	$ 262,330,212

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	$ 25,575	$ 723,730	$ 749,305
Customer deposits	23,725	-	23,725
Retainage payable	-	561,346	561,346
Accrued interest payable	105,294	950,719	1,056,013
Long-term liabilities, current portion	155,000	6,455,000	6,610,000
Total Current Liabilities	309,594	8,690,795	9,000,389
Noncurrent Liabilities			
Operating deposits	-	474,300	474,300
Long-term liabilities, net	10,894,675	298,947,125	309,841,800
Total Noncurrent Liabilities	10,894,675	299,421,425	310,316,100
Total Liabilities	11,204,269	308,112,220	319,316,489
Deferred Inflows of Resources			
Deferred property tax revenues	1,658,847	-	1,658,847
Net Position			
Net investment in capital assets	(1,008,651)	(23,475,802)	(24,484,453)
Restricted			
Debt service	-	7,971,945	7,971,945
Capital projects	9,753	2,121,962	2,131,715
Unrestricted	(5,671,748)	(38,592,583)	(44,264,331)
Total Net Position	(6,670,646)	(51,974,478)	(58,645,124)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 6,192,470	$ 256,137,742	$ 262,330,212

Harris County Municipal Utility District No. 171
Statement of Activities
Year Ended December 31, 2025

Government/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Charges for Regional Services	Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Primary Government: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Primary Government: Total
Primary government						
Governmental activities						
Service operations	$ 1,217,642	$ 896,243	$ -	$ (321,399)	$ -	$ (321,399)
Depreciation	91,617	-	-	(91,617)	-	(91,617)
Conveyance of capital assets	474,932	-	-	(474,932)	-	(474,932)
Interest expense on long-term liabilities	329,636	-	-	(329,636)	-	(329,636)
Debt issuance costs on long-term liabilities	11,900	-	-	(11,900)		(11,900)
Contractual obligation	596,162	-	-	(596,162)	-	(596,162)
Total governmental activities	2,721,889	896,243	-	(1,825,646)	-	(1,825,646)
Business-type activities						
Regional service operations	5,107,633	-	17,355,278	-	12,247,645	12,247,645
Depreciation	4,334,850	-	-	-	(4,334,850)	(4,334,850)
Conveyance of capital assets	10,369,243	-	-	-	(10,369,243)	(10,369,243)
Interest expense on long-term liabilities	7,296,012	-	-	-	(7,296,012)	(7,296,012)
Debt issuance costs on long-term liabilities	1,687,967	-	-	-	(1,687,967)	(1,687,967)
Total business-type activities	28,795,705	-	17,355,278	-	(11,440,427)	(11,440,427)
Total primary government	$ 31,517,594	$ 896,243	$ 17,355,278	(1,825,646)	(11,440,427)	(13,266,073)
General Revenues and Transfers						
Property taxes				985,761	-	985,761
Investment income				45,156	1,366,734	1,411,890
Other income				2,243	9,155	11,398
Total General Revenues and Transfers				1,033,160	1,375,889	2,409,049
Changes in Net Position				(792,486)	(10,064,538)	(10,857,024)
Net Position, Beginning of Year				(5,878,160)	(41,909,940)	(47,788,100)
Net Position, End of Year				$ (6,670,646)	$ (51,974,478)	$ (58,645,124)

Harris County Municipal Utility District No. 171
Balance Sheet – Governmental Funds
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	$ 58,550	$ 398,665	$ 45	$ 457,260
Short-term investments	55,270	391,386	208,679	655,335
Receivables				
Property taxes	331,695	949,016	-	1,280,711
Service accounts	46,729	-	-	46,729
Interfund receivables	146,113	-	-	146,113
Internal balances	(35,800)	-	-	(35,800)
Total Assets	$ 602,557	$ 1,739,067	$ 208,724	$ 2,550,348
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 25,285	$ -	$ 290	$ 25,575
Customer deposits	23,725	-	-	23,725
Interfund payables	-	146,113	-	146,113
Total liabilities	49,010	146,113	290	195,413
Deferred inflows of resources				
Deferred property tax revenues	429,629	1,229,218	-	1,658,847
Fund balances				
Restricted				
Unlimited tax bonds	-	95,870	-	95,870
Unlimited tax road bonds	-	267,866	-	267,866
Water, sewer, and drainage	-	-	92,731	92,731
Roads	-	-	115,703	115,703
Unrestricted	123,918	-	-	123,918
Total fund balances	123,918	363,736	208,434	696,088
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 602,557	$ 1,739,067	$ 208,724	$ 2,550,348

Harris County Municipal Utility District No. 171
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Property taxes	$ 219,846	$ 765,915	$ -	$ 985,761
Water service	115,108	-	-	115,108
Sewer service	54,121	-	-	54,121
Regional water fee	349,187	-	-	349,187
Penalty and interest	4,621	2,242	-	6,863
Tap connection and inspection fees	370,964	-	-	370,964
Investment income	6,019	30,302	8,835	45,156
Other income	276	1,967	-	2,243
Total Revenues	1,120,142	800,426	8,835	1,929,403
Expenditures				
Service operations				
Purchased services	491,520	-	-	491,520
Regional water authority	379,395	-	-	379,395
Professional fees	123,006	4,799	-	127,805
Contracted services	11,931	11,899	-	23,830
Other expenditures	22,936	1,834	360	25,130
Tap connections	162,521	-	-	162,521
Capital outlay	-	-	7,441	7,441
Debt service				
Principal retirement	-	225,000	-	225,000
Interest and fees		255,240	-	255,240
Debt issuance costs	-	-	11,900	11,900
Contractual obligation	-	596,162	-	596,162
Total Expenditures	1,191,309	1,094,934	19,701	2,305,944
Deficiency of Revenues Over Expenditures	(71,167)	(294,508)	(10,866)	(376,541)
Other Financing Sources (Uses)				
Interfund transfers in (out)	(22,417)	22,417	-	-
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(93,584)	(272,091)	(10,866)	(376,541)
Fund Balances, Beginning of Year	217,502	635,827	219,300	1,072,629
Fund Balances, End of Year	$ 123,918	$ 363,736	$ 208,434	$ 696,088

Harris County Municipal Utility District No. 171
Statement of Net Position – Proprietary Fund
December 31, 2025

	Business-Type Activities – Enterprise Fund
Assets	
Current Assets	
Cash and cash equivalents	$ 44,422,981
Due from participants	362,749
Internal balances	35,800
Total Current Assets	44,821,530
Noncurrent Assets	
Capital assets, net	
Land	84,552,405
Construction in progress	14,155,884
Infrastructure	87,357,238
Parks and recreation	25,250,685
Total Noncurrent Assets	211,316,212
Total Assets	$ 256,137,742

	Business-Type Activities – Enterprise Fund
Liabilities and Net Position	
Current Liabilities	
Accounts payable	$ 723,730
Retainage payable	561,346
Accrued interest payable	950,719
Long-term liabilities, current portion	6,455,000
Total Current Liabilities	8,690,795
Noncurrent Liabilities	
Operating deposits	474,300
Long-term liabilities	298,947,125
Total Noncurrent Liabilities	299,421,425
Total Liabilities	308,112,220
Net Position	
Net investment in capital assets	(23,475,802)
Restricted	
Debt service	7,971,945
Capital projects	2,121,962
Unrestricted	(38,592,583)
Total Net Position	(51,974,478)
Total Liabilities and Net Position	$ 256,137,742

Harris County Municipal Utility District No. 171
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
Year Ended December 31, 2025

	Business-Type Activities – Enterprise Fund
Operating Revenues	
Charges for services	$ 17,355,278
Other receipts	9,155
Total Operating Revenues	17,364,433
Operating Expenses	
Regional water authority	2,296,114
Professional fees	473,629
Contracted services	179,825
Utilities	440,915
Repairs and maintenance	1,583,800
Other expenses	133,350
Depreciation	4,334,850
Conveyance of capital assets	10,369,243
Total Operating Expenses	19,811,726
Operating Loss	(2,447,293)
Nonoperating Revenues (Expenses)	
Investment income	1,366,734
Interest and fees expense	(7,296,012)
Debt issuance costs	(1,687,967)
Total Nonoperating Expenses	(7,617,245)
Change in Net Position	(10,064,538)
Net Position, Beginning of Year	(41,909,940)
Net Position, End of Year	$ (51,974,478)

Harris County Municipal Utility District No. 171
Statement of Cash Flows – Proprietary Fund
Year Ended December 31, 2025

	Business-Type Activities – Enterprise Fund
Operating Activities	
Receipts from services	$ 6,673,813
Payments for service operations	(6,664,588)
Other operating receipts	62,028
Receipts from contract tax	10,970,519
Net Cash Provided by Operating Activities	11,041,772
Capital and Related Financing Activities	
Proceeds from issuance of contract revenue debt	48,548,993
Cost of issuance incurred from sale of debt	(1,687,967)
Principal payments on long-term debt	(4,675,000)
Interest paid on long-term debt	(7,364,413)
Payments to developer	(20,136,546)
Purchase of capital assets	(14,285,431)
Net Cash Provided by Capital and Related Financing Activities	399,636
Investing Activity	
Investment income	1,366,734
Increase in Cash and Cash Equivalents	12,808,142
Cash and Cash Equivalents, Beginning of Year	31,614,839
Cash and Cash Equivalents, End of Year	$ 44,422,981
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities	
Operating loss	$ (2,447,293)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	4,334,850
Conveyance of capital assets	10,369,243
Changes in assets and liabilities	
Receivables, net	341,927
Accounts payable	(1,556,955)
Net Cash Provided by Operating Activities	$ 11,041,772
Noncash Activities	
Long-term debt incurred for capital assets	$ 36,299,899

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

Harris County Municipal Utility District No. 171 (District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (Commission), effective October 16, 1978, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, Chapter 8442 of the Special District Local Laws Code, and Article XVI, Section 59, of the Constitution of the State of Texas and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, drainage, park, road and paving, and other facilities.

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

Reporting Entity

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Proprietary Fund

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

Measurement Focus

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

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

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

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

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

Basis of Accounting

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

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

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

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

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

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Cash and Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist primarily of money market accounts with brokers and pooled investment accounts.

Investments and Investment Income

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

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

Property Taxes

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

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

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

Capital Assets

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

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

governmental funds but are reported in the governmental activities column in the government-wide statement of net position.

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

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years
Drainage facilities	10–45 years
Parks and recreation facilities	10–20 years

The District conveys ownership of road and paving and most storm sewer facilities constructed by the District to another governmental entity upon completion for maintenance.

Debt Issuance Costs

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because of the items on the following page.

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$	3,788,235
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(105,294)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(11,049,675)
Adjustment to fund balances to arrive at net position.	$	(7,366,734)

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

Change in fund balances.	$	(376,541)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense, conveyance of capital assets, and noncapitalized costs exceeded capital outlay expenditures in the current period.		(566,549)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.		225,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(74,396)
Change in net position of governmental activities.	$	(792,486)

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

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

Investments

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

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

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

The District invests in Fidelity Investments Money Market Treasury Only Fund (government money market fund). An Adviser has oversight of the government money market fund. The District's investments in the government money market fund may be redeemed at any time. The government money market fund seeks as high a level of current income as is consistent with the security of principal and liquidity. The government money market fund normally invests at least 99.5% of the fund's total assets in cash and U.S. Treasury securities. The District's investments in the government money market fund are reported at net asset value.

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

		Maturities in Years			
Type	Amortized Cost/Fair Value	Less Than 1	1–5	6–10	More Than 10
Governmental activities					
TexPool	$ 655,335	$ 655,335	$ -	$ -	$ -
Business-type activities					
TexPool	30,848,766	30,848,766	-	-	-
Government money market funds	13,037,270	13,037,270	-	-	-
Totals	$ 44,541,371	$ 44,541,371	$ -	$ -	$ -

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

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

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer. At December 31, 2025, the District's investments in government money market funds constituted 29% of its total investments.

Summary of Carrying Values

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

Carrying value	
Deposits	$ 994,205
Investments	44,541,371
Total	$ 45,535,576

Included in the following captions:

Governmental activities	
Cash and cash equivalents	$ 457,260
Short-term investments	655,335
	1,112,595
Business-type activities	
Cash and cash equivalents	44,422,981
Total	$ 45,535,576

Investment Income

Investment income of $45,156 in the governmental activities and $1,366,734 in the business-type activities for the year ended December 31, 2025 consisted of interest income.

Fair Value Measurements

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

- Government money market funds of $13,037,270 are valued at fair value per share of the fund's underlying portfolio.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2025 is presented as follows.

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable			
Water production and distribution facilities	$ 453,601	$ 77,303	$ 530,904
Wastewater collection and treatment facilities	528,289	64,839	593,128
Drainage facilities	2,705,642	283,925	2,989,567
Total capital assets, depreciable	3,687,532	426,067	4,113,599
Less accumulated depreciation			
Water production and distribution facilities	(22,621)	(11,885)	(34,506)
Wastewater collection and treatment facilities	(30,751)	(13,297)	(44,048)
Drainage facilities	(180,375)	(66,435)	(246,810)
Total accumulated depreciation	(233,747)	(91,617)	(325,364)
Total governmental activities, net	$ 3,453,785	$ 334,450	$ 3,788,235

Business-Type Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable			
Land and improvements	$ 76,713,137	$ 7,839,268	$ 84,552,405
Construction in progress	6,943,851	7,212,033	14,155,884
Total capital assets, non-depreciable	83,656,988	15,051,301	98,708,289
Capital assets, depreciable			
Water production and distribution facilities	35,232,708	6,826,132	42,058,840
Wastewater collection and treatment facilities	24,904,955	5,862,068	30,767,023
Drainage facilities	21,262,415	3,780,027	25,042,442
Parks and recreation	22,675,103	8,590,896	31,265,999
Total capital assets, depreciable	104,075,181	25,059,123	129,134,304
Less accumulated depreciation			
Water production and distribution facilities	(3,812,975)	(1,253,556)	(5,066,531)
Wastewater collection and treatment facilities	(2,375,181)	(952,908)	(3,328,089)
Drainage facilities	(1,558,976)	(557,471)	(2,116,447)
Parks and recreation	(4,444,399)	(1,570,915)	(6,015,314)
Total accumulated depreciation	(12,191,531)	(4,334,850)	(16,526,381)
Total business-type activities, net	$ 175,540,638	$ 35,775,574	$ 211,316,212

Note 4. Long-Term Liabilities

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

Governmental Activities	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year	Amounts Due in One Year
Bonds payable					
General obligation bonds	$ 7,685,000	$ -	$ 225,000	$ 7,460,000	$ 155,000
Less discounts on bonds	230,550	-	7,005	223,545	-
	7,454,450	-	217,995	7,236,455	155,000
Due to developer – construction	2,714,945	900,999	-	3,615,944	-
Due to developer – operating advances	197,276	-	-	197,276	-
Total governmental activities long-term liabilities	$ 10,366,671	$ 900,999	$ 217,995	$ 11,049,675	$ 155,000

Business-Type Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable					
Contract revenue bonds	$ 166,835,000	$ 50,000,000	$ 4,675,000	$ 212,160,000	$ 6,455,000
Less discounts on bonds	4,541,086	1,451,007	115,990	5,876,103	-
	162,293,914	48,548,993	4,559,010	206,283,897	6,455,000
Due to developer – construction	82,954,875	36,299,899	20,136,546	99,118,228	-
Total business-type activities long-term liabilities	$ 245,248,789	$ 84,848,892	$ 24,695,556	$ 305,402,125	$ 6,455,000

Governmental Activities

General Obligation Bonds

	Road Series 2024	Series 2024
Amounts outstanding, December 31, 2025	$5,030,000	$2,430,000
Interest rates	4.000% to 4.375%	4.000% to 4.375%
Maturity dates, serially beginning/ending	September 1, 2026/2050	September 1, 2026/2050
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2031	September 1, 2031

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

Business-Type Activities

Contract Revenue Bonds

	Road Contract Revenue Bonds Series 2017	Contract Revenue Bonds Series 2018
Amounts outstanding, December 31, 2025	$2,085,000	$16,480,000
Interest rates	2.00% to 4.00%	3.00% to 4.50%
Maturity dates, serially beginning/ending	December 1, 2026/2042	December 1, 2026/2044
Interest payment dates	June 1/December 1	June 1/December 1
Callable dates*	December 1, 2023	December 1, 2023

	Contract Revenue Bonds Series 2019	Road Contract Revenue Bonds Series 2020
Amounts outstanding, December 31, 2025	$12,255,000	$3,805,000
Interest rates	2.000% to 3.375%	2.00% to 3.00%
Maturity dates, serially beginning/ending	December 1, 2026/2044	December 1, 2026/2045
Interest payment dates	June 1/December 1	June 1/December 1
Callable dates*	December 1, 2024	December 1, 2025

	Contract Revenue Bonds Series 2020	Road Contract Revenue Bonds Series 2021
Amounts outstanding, December 31, 2025	$10,000,000	$2,530,000
Interest rates	2.25% to 4.75%	2.25% to 4.75%
Maturity dates, serially beginning/ending	December 1, 2026/2045	December 1, 2026/2047
Interest payment dates	June 1/December 1	June 1/December 1
Callable dates*	December 1, 2025	December 1, 2026

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

	Contract Revenue Bonds Series 2021	Contract Revenue Bonds Series 2022
Amounts outstanding, December 31, 2025	$15,645,000	$20,460,000
Interest rates	2.50% to 5.00%	4.50% to 7.00%
Maturity dates, serially beginning/ending	December 1, 2026/2047	December 1, 2026/2047
Interest payment dates	June 1/December 1	June 1/December 1
Callable dates*	December 1, 2027	December 1, 2029

	Contract Revenue Bonds Series 2023	Road Contract Revenue Bonds Series 2024
Amounts outstanding, December 31, 2025	$29,160,000	$6,730,000
Interest rates	4.25% to 6.75%	4.00% to 5.00%
Maturity dates, serially beginning/ending	December 1, 2026/2049	December 1, 2026/2050
Interest payment dates	June 1/December 1	June 1/December 1
Callable dates*	December 1, 2030	December 1, 2030

	Contract Revenue Bonds Series 2024	Contract Revenue Bonds Series 2024A
Amounts outstanding, December 31, 2025	$18,710,000	$24,300,000
Interest rates	4.00%	3.00% to 5.00%
Maturity dates, serially beginning/ending	December 1, 2026/2050	December 1, 2026/2050
Interest payment dates	June 1/December 1	June 1/December 1
Callable dates*	December 1, 2030	December 1, 2030

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

	Contract Revenue Bonds Series 2025
Amount outstanding, December 31, 2025	$50,000,000
Interest rates	4.125% to 6.625%
Maturity dates, serially beginning/ending	December 1, 2027/2052
Interest payment dates	June 1/December 1
Callable date*	December 1, 2031

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

Annual Debt Service Requirements

The following schedules show the annual debt service requirements to pay principal and interest on general obligation and contract revenue bonds outstanding at December 31, 2025:

Governmental Activities

General Obligation Bonds

Year	Principal	Interest	Total
2026	$ 155,000	$ 315,881	$ 470,881
2027	160,000	309,681	469,681
2028	170,000	303,282	473,282
2029	180,000	296,481	476,481
2030	190,000	289,278	479,278
2031–2035	1,100,000	1,325,007	2,425,007
2036–2040	1,405,000	1,077,901	2,482,901
2041–2045	1,795,000	747,282	2,542,282
2046–2050	2,305,000	312,813	2,617,813
Total	$ 7,460,000	$ 4,977,606	$ 12,437,606

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Business-Type Activities

Contract Revenue Bonds

Year	Principal	Interest	Total
2026	$ 6,455,000	$ 9,102,990	$ 15,557,990
2027	8,415,000	8,577,888	16,992,888
2028	8,485,000	8,137,006	16,622,006
2029	8,560,000	7,702,203	16,262,203
2030	8,640,000	7,264,444	15,904,444
2031–2035	44,505,000	30,490,669	74,995,669
2036–2040	46,980,000	21,728,880	68,708,880
2041–2045	47,305,000	12,303,428	59,608,428
2046–2050	28,815,000	4,077,297	32,892,297
2051–2052	4,000,000	247,500	4,247,500
Total	$ 212,160,000	$ 109,632,305	$ 321,792,305

Principal and interest on the bonds are payable from and secured by an unconditional obligation to make certain payments by the participating districts in the applicable service area pursuant to the contracts described in Note 8. The participants have each agreed to pay a pro rata share of the debt service of the bonds based on the certified assessed valuation of each participant as a percentage of the total assessed valuation of all participating districts.

Under the terms of the contract, the District shall calculate and bill on or before September 1 of each year, or as soon thereafter as practical, the amount of contract tax payments due from each participant for the following year. The contract tax payments are payable by the participants semiannually, on March 1 and September 1 of each year, for the June 1 and December 1 debt service requirements. A summary of the participants and their initial assessed valuations and contract tax payments for 2025 due during the year ending December 31, 2026 is shown below:

	Initial Assessed Valuations	Contract Tax Payments
The District	$ 119,234,464	$ 921,024
Harris County Municipal Utility District No. 457	872,885,835	7,075,842
Harris County Municipal Utility District No. 458	158,498,413	1,264,989
Harris County Municipal Utility District No. 532	36,855,300	327,807
Harris County Municipal Utility District No. 533	3,040,186	(67,157)
Harris County Municipal Utility District No. 534	562,340,770	4,500,336
	$ 1,752,854,968	$ 14,022,841

During the current year, each participant levied a contract tax to meet their obligations.

Governmental activities (Internal District) bonds	
Water, sewer, and drainage and refunding bonds voted	$ 37,350,000
Water, sewer, and drainage and refunding bonds issued	2,500,000
Recreational facilities and refunding bonds voted	7,700,000
Road facilities and refunding bonds voted	70,000,000
Road facilities and refunding bonds issued	5,185,000
Business-type activities (Master District)	
Contract revenue and refunding water, sewer, and drainage bonds authorized	680,320,000
Contract revenue and refunding water, sewer, and drainage bonds issued	210,695,000
Contract revenue and refunding road bonds authorized	98,910,000
Contract revenue and refunding road bonds issued	16,980,000

Due to Developer – Construction

The developer has constructed facilities on behalf of the Internal District under the terms of contracts with the District. The District has agreed to reimburse the cost of these facilities from the sale of bonds subject to the approval of the Commission, as applicable, and the terms of the contracts with the developer. As of December 31, 2025, a liability for developer-constructed capital assets of $3,615,944 was recorded in the financial statements.

The developer has constructed regional facilities on behalf of the Master District under the terms of contracts with the District. The District has agreed to reimburse the cost of these facilities from the sale of bonds subject to the approval of the Commission, as applicable, and the terms of the contracts with the developer. As of December 31, 2025, a liability for developer-constructed capital assets of $99,118,228 was recorded in the financial statements.

Due to Developer – Advances

Since inception, the developer has advanced $304,000 to the Internal District for operations, of which $106,724 has been reimbursed. These advances have been recorded as liabilities in the financial statements.

Note 5. Significant Bond Resolution and Commission Requirements

(A) The Bond Resolution requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2025, the District levied an ad valorem debt service tax at the rate of $0.070 per $100 of assessed valuation, which resulted in a tax levy of $83,539 on the taxable valuation of $119,341,516 for the 2025 tax year. The interest and principal requirements to be paid from the tax revenues and available debt service fund resources are $152,925.

(B) The Road Bond Resolution requires that the District levy and collect an ad valorem road debt service tax sufficient to pay interest and principal on road bonds when due. During the year ended December 31, 2025, the District levied an ad valorem road debt service tax at the rate of $0.140 per $100 of assessed valuation, which resulted in a tax levy of $167,078 on the taxable valuation of $119,341,516 for the 2025 tax year. The road bond interest and principal requirements to be paid from the road debt service tax revenues and available debt service fund resources are $317,956.

(C) In accordance with the Road Series 2024 and Series 2024 unlimited tax bond resolutions, a portion of the bond proceeds was deposited with the debt service fund for the payment of bond interest during the construction period. The bond interest reserve is reduced as interest is paid.

Bond interest reserve, beginning of year	$ 649,762
Deductions – Appropriation from bond interest paid	
Unlimited Tax Road Bonds, Series 2024	171,672
Unlimited Tax Bonds, Series 2024	82,818
	254,490
Bond interest reserve, end of year	$ 395,272

In accordance with the Road Series 2024, Series 2024, Series 2024A, and Series 2025 Contract Revenue Bond Resolutions, a portion of the bond proceeds was deposited with the Master District and reserved for the payment of bond interest during the construction period. The bond interest reserve is reduced as interest is paid.

Bond interest reserve, beginning of year	$ 1,512,461
Additions – Interest appropriated from bond proceeds	
Contract Revenue Bonds, Series 2025	4,114,606
Deductions – Appropriation from bond interest paid	
Road Contract Revenue Bonds, Series 2024	83,101
Contract Revenue Bonds, Series 2024	486,460
Contract Revenue Bonds, Series 2024A	942,900
	1,512,461
Bond interest reserve, end of year	$ 4,114,606

(D) The Contract Revenue Bond Resolutions created a debt service reserve requirement equal to one-half of the maximum annual debt service requirements on all outstanding contract revenue bonds. At December 31, 2025, the reserve requirement equaled $8,496,444. The amount of $8,594,229 was funded with proceeds from the sale of bonds and accumulated interest earnings.

Note 6. Maintenance Taxes

At an election held November 4, 2014, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2025, the District levied an ad valorem maintenance tax at the rate of $0.360 per $100 of assessed valuation, which resulted in a tax levy of $429,629 on the taxable valuation of $119,341,516 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the Internal District.

At an election held November 4, 2014, voters authorized a road maintenance tax not to exceed $0.25 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2025, the District did not levy an ad valorem road maintenance tax.

Note 7. Contract Taxes

At an election held November 4, 2014, voters authorized the contract (as defined in Note 8) that requires the District to impose a contract tax on all property within the District subject to taxation. During the year ended December 31, 2025, the District levied an ad valorem contract tax at the rate of $0.820 per $100 of assessed valuation, which resulted in a tax levy of $978,601 on the taxable valuation of $119,341,516 for the 2025 tax year. This contract tax, along with existing resources will be used to pay contract tax payments to the Master District as described in Note 4.

Note 8. Financing and Operating of Regional Facilities

The District, in its capacity as Master District, has entered into 40-year Contract(s) for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities (contracts) whereby the Master District agreed to provide or cause to be provided for the financing, operation, and maintenance of regional water, sanitary sewer, storm sewer, park, road, and other facilities (regional facilities). The Master District shall be the owner of the regional facilities constructed and acquired and will provide the services permitted by the contract to all participating districts that are in existence or will be created within the Master District's service area, including the District in its capacity as a participant district.

Under the terms of the contract, the Master District will charge the participants a monthly operational fee calculated by multiplying the unit cost per connection by the number of equivalent single-family residential connections reserved to each district.

The Master District is to maintain an operation and maintenance reserve equivalent to three months of budgeted operation and maintenance expenses.

In addition, the Master District is authorized to issue contract revenue bonds, sufficient to complete construction and acquisition of the water, sewer, drainage, and road regional facilities as needed to serve all districts in the service area. Each participating district is obligated to pay its pro rata share of the debt service requirements on the Master District's contract revenue bonds. With respect to regional recreational facilities, the participant districts will be required to pay the Master District for such facilities by paying park construction charges.

Note 9. Regional Water Authority

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

Note 10. Risk Management

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

Note 11. Contingencies

The developer of the District is constructing regional facilities within the boundaries of the Master District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, as applicable. The District's engineer has stated that current construction contract amounts are approximately $40,591,000 for the Master District. These amounts have not been recorded in the financial statements since the facilities are not complete or operational.

Note 12. Subsequent Event

On April 14, 2026, the Master District issued its Road Contract Revenue Bonds, Series 2026, in the amount of $8,900,000 at a net effective interest rate of approximately 4.336%. The bonds were sold to reimburse the developer for road construction projects within the Master District.

Required Supplementary Information

Harris County Municipal Utility District No. 171
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 237,000	$ 219,846	$ (17,154)
Water service	58,000	115,108	57,108
Sewer service	27,000	54,121	27,121
Regional water fee	210,000	349,187	139,187
Penalty and interest	3,000	4,621	1,621
Tap connection and inspection fees	-	370,964	370,964
Investment income	10,000	6,019	(3,981)
Other income	-	276	276
Total Revenues	545,000	1,120,142	575,142
Expenditures			
Service operations			
Purchased services	169,000	491,520	(322,520)
Regional water authority	210,000	379,395	(169,395)
Professional fees	137,000	123,006	13,994
Contracted services	12,000	11,931	69
Other expenditures	37,525	22,936	14,589
Tap connections	-	162,521	(162,521)
Total Expenditures	565,525	1,191,309	(625,784)
Deficiency of Revenues Over Expenditures	(20,525)	(71,167)	(50,642)
Other Financing Uses			
Interfund transfers out	-	(22,417)	(22,417)
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(20,525)	(93,584)	(73,059)
Fund Balance, Beginning of Year	217,502	217,502	-
Fund Balance, End of Year	$ 196,977	$ 123,918	$ (73,059)

Budgets and Budgetary Accounting

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

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

Supplementary Information

Harris County Municipal Utility District No. 171
Other Schedules Included Within This Report
December 31, 2025

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

[X] Notes Required by the Water District Accounting Manual
See “Notes to Financial Statements,” Pages 20–37

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[X] Schedules of Long-Term Debt Service Requirements by Years, Governmental Activities

[X] Changes in Long-Term Bonded Debt, Governmental Activities

[X] Schedules of Long-Term Debt Service Requirements by Years, Business-Type Activities

[X] Changes in Long-Term Bonded Debt, Business-Type Activities

[X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund

[X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 171
Schedule of Services and Rates
Year Ended December 31, 2025

1. Services provided by the District

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

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	$ 15.00	1	N	$ 1.25	10,001 to 15,000
				$ 1.50	15,001 to 30,000
				$ 2.00	30,001 to 40,000
				$ 2.50	40,001 to No Limit
Wastewater:	$ 39.12	-	Y		
Regional Water Fee:	$ 4.15	1,000	N	$ 4.15	1,001 to No Limit

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

Total charges per 10,000 gallons usage (including fees): Water $ 56.50 Wastewater $ 39.12

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC**
Unmetered	-	-	x1.0	-
≤ 3/4"	24	24	x1.0	24
1"	8	8	x2.5	20
1 1/2"	7	7	x5.0	35
2"	47	47	x8.0	376
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	1	1	x50.0	50
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	88	88		585
Total wastewater	40	40	x1.0	40

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

Gallons pumped into the system:	614,945
Gallons billed to customers:	580,271
Water accountability ratio (gallons billed/gallons pumped):	94.36%

**"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 171
Schedule of General Fund Expenditures
Year Ended December 31, 2025

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 7,400	
Legal	58,065	
Engineering	57,541	
Financial advisor	-	
		123,006
Purchased Services for Resale		
Bulk water and wastewater service purchases		491,520
Regional Water Authority		379,395
Contracted Services		
Bookkeeping	11,931	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	-	11,931
Utilities		
Repairs and Maintenance		
Administrative Expenditures		
Directors' fees	14,144	
Office supplies	476	
Insurance	-	
Other administrative expenditures	8,316	22,936
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	-	-
Tap Connection Expenditures		162,521
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total Expenditures		$ 1,191,309

Harris County Municipal Utility District No. 171
Schedule of Temporary Investments
December 31, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
Governmental Activities				
General Fund				
TexPool	3.82%	Demand	$ 55,270	$ -
Debt Service Fund				
TexPool	3.82%	Demand	576	-
TexPool	3.82%	Demand	267,866	-
TexPool	3.82%	Demand	122,944	-
			391,386	-
Capital Projects Fund				
TexPool	3.82%	Demand	115,703	-
TexPool	3.82%	Demand	92,976	-
			208,679	-
Business-Type Activities				
Proprietary Fund				
Fidelity Money Market Fund	3.41%	Demand	4,416,409	-
Fidelity Money Market Fund	3.41%	Demand	8,024,788	-
Fidelity Money Market Fund	3.41%	Demand	26,632	-
Fidelity Money Market Fund	3.41%	Demand	569,441	-
TexPool	3.82%	Demand	4,420,554	-
TexPool	3.82%	Demand	1,798,666	-
TexPool	3.82%	Demand	538,456	-
TexPool	3.82%	Demand	6,817,744	-
TexPool	3.82%	Demand	1,839,606	-
TexPool	3.82%	Demand	15,433,740	-
			43,886,036	-
Totals			$ 44,541,371	$ -

Harris County Municipal Utility District No. 171
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025

	Maintenance Taxes	Contract Taxes	Debt Service Taxes	Road Debt Service Taxes
Receivable, Beginning of Year	$ 181,509	$ 456,701	$ 55,624	$ 120,030
Additions and corrections to prior years' taxes	(13,421)	(33,770)	(4,113)	(8,875)
Adjusted Receivable, Beginning of Year	168,088	422,931	51,511	111,155
2025 Original Tax Levy	421,340	959,719	81,927	163,854
Additions and corrections	8,289	18,882	1,612	3,224
Adjusted tax levy	429,629	978,601	83,539	167,078
Total to Be Accounted For	597,717	1,401,532	135,050	278,233
Tax collections: Current year	(97,934)	(223,073)	(19,043)	(38,086)
Prior years	(168,088)	(422,931)	(51,511)	(111,155)
Receivable, End of Year	$ 331,695	$ 755,528	$ 64,496	$ 128,992
Receivable, by Years				
2025	$ 331,695	$ 755,528	$ 64,496	$ 128,992

Harris County Municipal Utility District No. 171
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025 (Continued)

	2025	2024	2023	2022
Property Valuations				
Land	$ 53,686,923	$ 41,984,315	$ 31,736,241	$ 28,488,517
Improvements	56,380,643	29,474,734	19,184,887	1,645,837
Personal property	11,847,979	6,254,771	7,154,642	140,060
Exemptions	(2,574,029)	(2,466,222)	(2,593,109)	(2,383,850)
Total Property Valuations	$ 119,341,516	$ 75,247,598	$ 55,482,661	$ 27,890,564
Tax Rates per $100 Valuation				
Contract tax rates	$ 0.820	$ 0.780	$ 0.760	$ 0.770
Debt service tax rate	0.070	0.095	-	-
Road debt service tax rate	0.140	0.205	-	-
Maintenance tax rates*	0.360	0.310	0.630	0.620
Total Tax Rates per $100 Valuation	$ 1.390	$ 1.390	$ 1.390	$ 1.390
Tax Levy	$ 1,658,847	$ 1,045,942	$ 771,209	$ 387,679
Percent of Taxes Collected to Taxes Levied**	23%	100%	100%	100%

*Maximum tax rate approved by voters: $1.50 on November 4, 2014

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

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Governmental Activities
December 31, 2025

Due During Fiscal Years Ending December 31	Road Series 2024		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 105,000	$ 212,956	$ 317,956
2027	110,000	208,756	318,756
2028	115,000	204,357	319,357
2029	120,000	199,756	319,756
2030	130,000	194,953	324,953
2031	135,000	189,757	324,757
2032	140,000	184,356	324,356
2033	150,000	178,756	328,756
2034	155,000	172,757	327,757
2035	165,000	166,556	331,556
2036	170,000	159,956	329,956
2037	180,000	152,944	332,944
2038	190,000	145,519	335,519
2039	200,000	137,681	337,681
2040	210,000	129,181	339,181
2041	220,000	120,257	340,257
2042	230,000	110,906	340,906
2043	240,000	100,844	340,844
2044	255,000	90,344	345,344
2045	265,000	79,188	344,188
2046	280,000	67,594	347,594
2047	295,000	55,344	350,344
2048	305,000	42,438	347,438
2049	325,000	29,094	354,094
2050	340,000	14,875	354,875
Totals	$ 5,030,000	$ 3,349,125	$ 8,379,125

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Governmental Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2024		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 50,000	$ 102,925	$ 152,925
2027	50,000	100,925	150,925
2028	55,000	98,925	153,925
2029	60,000	96,725	156,725
2030	60,000	94,325	154,325
2031	65,000	91,925	156,925
2032	65,000	89,325	154,325
2033	70,000	86,725	156,725
2034	75,000	83,925	158,925
2035	80,000	80,925	160,925
2036	85,000	77,725	162,725
2037	85,000	74,219	159,219
2038	90,000	70,713	160,713
2039	95,000	67,000	162,000
2040	100,000	62,963	162,963
2041	105,000	58,712	163,712
2042	110,000	54,250	164,250
2043	115,000	49,438	164,438
2044	125,000	44,406	169,406
2045	130,000	38,937	168,937
2046	135,000	33,250	168,250
2047	145,000	27,344	172,344
2048	150,000	21,000	171,000
2049	160,000	14,437	174,437
2050	170,000	7,437	177,437
Totals	$ 2,430,000	$ 1,628,481	$ 4,058,481

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Governmental Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 155,000	$ 315,881	$ 470,881
2027	160,000	309,681	469,681
2028	170,000	303,282	473,282
2029	180,000	296,481	476,481
2030	190,000	289,278	479,278
2031	200,000	281,682	481,682
2032	205,000	273,681	478,681
2033	220,000	265,481	485,481
2034	230,000	256,682	486,682
2035	245,000	247,481	492,481
2036	255,000	237,681	492,681
2037	265,000	227,163	492,163
2038	280,000	216,232	496,232
2039	295,000	204,681	499,681
2040	310,000	192,144	502,144
2041	325,000	178,969	503,969
2042	340,000	165,156	505,156
2043	355,000	150,282	505,282
2044	380,000	134,750	514,750
2045	395,000	118,125	513,125
2046	415,000	100,844	515,844
2047	440,000	82,688	522,688
2048	455,000	63,438	518,438
2049	485,000	43,531	528,531
2050	510,000	22,312	532,312
Totals	$ 7,460,000	$ 4,977,606	$ 12,437,606

Harris County Municipal Utility District No. 171
Changes in Long-Term Bonded Debt, Governmental Activities
Year Ended December 31, 2025

	Bond Issues		
	Road Series 2024	**Series 2024**	**Totals**
Interest rates	4.000% to 4.375%	4.000% to 4.375%	
Dates interest payable	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2026/2050	September 1, 2026/2050	
Bonds outstanding, beginning of the current year	$ 5,185,000	$ 2,500,000	$ 7,685,000
Retirements, principal	155,000	70,000	225,000
Bonds outstanding, end of current year	$ 5,030,000	$ 2,430,000	$ 7,460,000
Interest paid during the current year	$ 171,672	$ 82,818	$ 254,490

Paying agent's name and address

Road Series 2024 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2024 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority	**Tax and Refunding Bonds**	**Recreational Facilities and Refunding Bonds**	**Road Facilities and Refunding Bonds**
Amount authorized by voters	$ 37,350,000	$ 7,700,000	$ 70,000,000
Amount issued	$ 2,500,000	$ -	$ 5,185,000
Remaining to be issued	$ 34,850,000	$ 7,700,000	$ 64,815,000

Debt service fund cash and temporary investment balances as of December 31, 2025:	$ 790,051
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 497,504

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025

Due During Fiscal Years Ending December 31	Road Contract Revenue Bonds Series 2017		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 85,000	$ 78,620	$ 163,620
2027	90,000	75,985	165,985
2028	90,000	73,105	163,105
2029	95,000	70,135	165,135
2030	100,000	66,905	166,905
2031	105,000	63,405	168,405
2032	110,000	59,625	169,625
2033	115,000	55,500	170,500
2034	120,000	51,188	171,188
2035	125,000	46,688	171,688
2036	130,000	42,000	172,000
2037	135,000	36,800	171,800
2038	145,000	31,400	176,400
2039	150,000	25,600	175,600
2040	155,000	19,600	174,600
2041	165,000	13,400	178,400
2042	170,000	6,800	176,800
Totals	$ 2,085,000	$ 816,756	$ 2,901,756

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2018		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 580,000	$ 702,577	$ 1,282,577
2027	605,000	682,278	1,287,278
2028	630,000	658,077	1,288,077
2029	660,000	632,878	1,292,878
2030	685,000	606,477	1,291,477
2031	715,000	579,078	1,294,078
2032	745,000	550,477	1,295,477
2033	780,000	520,678	1,300,678
2034	810,000	488,697	1,298,697
2035	845,000	455,488	1,300,488
2036	880,000	419,575	1,299,575
2037	920,000	382,175	1,302,175
2038	960,000	341,925	1,301,925
2039	1,000,000	299,925	1,299,925
2040	1,040,000	254,925	1,294,925
2041	1,085,000	208,125	1,293,125
2042	1,130,000	159,300	1,289,300
2043	1,180,000	108,450	1,288,450
2044	1,230,000	55,350	1,285,350
Totals	$ 16,480,000	$ 8,106,455	$ 24,586,455

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2019		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 420,000	$ 389,475	$ 809,475
2027	440,000	378,975	818,975
2028	460,000	367,535	827,535
2029	480,000	355,115	835,115
2030	505,000	341,675	846,675
2031	525,000	326,525	851,525
2032	550,000	310,775	860,775
2033	575,000	294,275	869,275
2034	600,000	277,025	877,025
2035	625,000	258,275	883,275
2036	655,000	237,963	892,963
2037	685,000	216,675	901,675
2038	715,000	193,556	908,556
2039	750,000	169,425	919,425
2040	780,000	144,113	924,113
2041	815,000	117,788	932,788
2042	855,000	90,281	945,281
2043	890,000	61,425	951,425
2044	930,000	31,388	961,388
Totals	$ 12,255,000	$ 4,562,264	$ 16,817,264

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Contract Revenue Bonds Series 2020		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 130,000	$ 101,312	$ 231,312
2027	135,000	98,713	233,713
2028	140,000	96,012	236,012
2029	145,000	93,213	238,213
2030	150,000	90,312	240,312
2031	160,000	87,125	247,125
2032	165,000	83,325	248,325
2033	170,000	79,200	249,200
2034	175,000	74,950	249,950
2035	185,000	70,356	255,356
2036	190,000	65,500	255,500
2037	195,000	60,275	255,275
2038	205,000	54,913	259,913
2039	210,000	49,275	259,275
2040	220,000	43,500	263,500
2041	230,000	36,900	266,900
2042	235,000	30,000	265,000
2043	245,000	22,950	267,950
2044	255,000	15,600	270,600
2045	265,000	7,950	272,950
Totals	$ 3,805,000	$ 1,261,381	$ 5,066,381

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2020		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 500,000	$ 232,500	$ 732,500
2027	500,000	221,250	721,250
2028	500,000	210,000	710,000
2029	500,000	198,750	698,750
2030	500,000	187,500	687,500
2031	500,000	176,250	676,250
2032	500,000	165,000	665,000
2033	500,000	153,750	653,750
2034	500,000	142,500	642,500
2035	500,000	131,250	631,250
2036	500,000	119,375	619,375
2037	500,000	107,500	607,500
2038	500,000	95,625	595,625
2039	500,000	83,750	583,750
2040	500,000	71,875	571,875
2041	500,000	60,000	560,000
2042	500,000	48,125	548,125
2043	500,000	36,250	536,250
2044	500,000	24,375	524,375
2045	500,000	12,500	512,500
Totals	$ 10,000,000	$ 2,478,125	$ 12,478,125

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Contract Revenue Bonds Series 2021		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 115,000	$ 62,388	$ 177,388
2027	115,000	56,925	171,925
2028	115,000	54,338	169,338
2029	115,000	51,750	166,750
2030	115,000	49,163	164,163
2031	115,000	46,575	161,575
2032	115,000	43,988	158,988
2033	115,000	41,400	156,400
2034	115,000	38,812	153,812
2035	115,000	36,225	151,225
2036	115,000	33,637	148,637
2037	115,000	31,050	146,050
2038	115,000	28,462	143,462
2039	115,000	25,760	140,760
2040	115,000	23,057	138,057
2041	115,000	20,240	135,240
2042	115,000	17,422	132,422
2043	115,000	14,548	129,548
2044	115,000	11,672	126,672
2045	115,000	8,797	123,797
2046	115,000	5,865	120,865
2047	115,000	2,932	117,932
Totals	$ 2,530,000	$ 705,006	$ 3,235,006

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2021		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 485,000	$ 434,275	$ 919,275
2027	500,000	410,025	910,025
2028	520,000	388,775	908,775
2029	535,000	375,775	910,775
2030	555,000	362,400	917,400
2031	575,000	348,525	923,525
2032	595,000	334,150	929,150
2033	615,000	319,275	934,275
2034	635,000	303,900	938,900
2035	660,000	288,025	948,025
2036	685,000	271,525	956,525
2037	705,000	253,544	958,544
2038	730,000	235,037	965,037
2039	755,000	215,875	970,875
2040	785,000	195,112	980,112
2041	810,000	173,525	983,525
2042	840,000	151,250	991,250
2043	870,000	128,150	998,150
2044	900,000	104,225	1,004,225
2045	930,000	79,475	1,009,475
2046	965,000	53,900	1,018,900
2047	995,000	27,363	1,022,363
Totals	$ 15,645,000	$ 5,454,106	$ 21,099,106

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2022		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 930,000	$ 1,067,175	$ 1,997,175
2027	930,000	1,002,075	1,932,075
2028	930,000	936,975	1,866,975
2029	930,000	871,875	1,801,875
2030	930,000	806,775	1,736,775
2031	930,000	742,838	1,672,838
2032	930,000	678,900	1,608,900
2033	930,000	637,050	1,567,050
2034	930,000	595,200	1,525,200
2035	930,000	553,350	1,483,350
2036	930,000	511,500	1,441,500
2037	930,000	469,650	1,399,650
2038	930,000	427,800	1,357,800
2039	930,000	385,950	1,315,950
2040	930,000	344,100	1,274,100
2041	930,000	301,088	1,231,088
2042	930,000	258,075	1,188,075
2043	930,000	215,062	1,145,062
2044	930,000	172,050	1,102,050
2045	930,000	129,037	1,059,037
2046	930,000	86,025	1,016,025
2047	930,000	43,012	973,012
Totals	$ 20,460,000	$ 11,235,562	$ 31,695,562

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2023		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 1,215,000	$ 1,503,562	$ 2,718,562
2027	1,215,000	1,421,550	2,636,550
2028	1,215,000	1,339,539	2,554,539
2029	1,215,000	1,257,525	2,472,525
2030	1,215,000	1,175,512	2,390,512
2031	1,215,000	1,093,500	2,308,500
2032	1,215,000	1,041,862	2,256,862
2033	1,215,000	990,225	2,205,225
2034	1,215,000	938,588	2,153,588
2035	1,215,000	883,913	2,098,913
2036	1,215,000	829,238	2,044,238
2037	1,215,000	774,562	1,989,562
2038	1,215,000	716,850	1,931,850
2039	1,215,000	659,138	1,874,138
2040	1,215,000	601,425	1,816,425
2041	1,215,000	543,712	1,758,712
2042	1,215,000	484,481	1,699,481
2043	1,215,000	425,250	1,640,250
2044	1,215,000	364,500	1,579,500
2045	1,215,000	303,750	1,518,750
2046	1,215,000	243,000	1,458,000
2047	1,215,000	182,250	1,397,250
2048	1,215,000	121,500	1,336,500
2049	1,215,000	60,750	1,275,750
Totals	$ 29,160,000	$ 17,956,182	$ 47,116,182

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Contract Revenue Bonds Series 2024		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 270,000	$ 282,700	$ 552,700
2027	270,000	269,200	539,200
2028	270,000	255,700	525,700
2029	270,000	242,200	512,200
2030	270,000	228,700	498,700
2031	270,000	215,200	485,200
2032	270,000	204,400	474,400
2033	270,000	193,600	463,600
2034	270,000	182,800	452,800
2035	270,000	172,000	442,000
2036	270,000	161,200	431,200
2037	270,000	150,400	420,400
2038	270,000	139,600	409,600
2039	270,000	128,800	398,800
2040	270,000	118,000	388,000
2041	270,000	107,200	377,200
2042	270,000	96,400	366,400
2043	270,000	85,600	355,600
2044	270,000	74,800	344,800
2045	270,000	64,000	334,000
2046	270,000	53,200	323,200
2047	265,000	42,400	307,400
2048	265,000	31,800	296,800
2049	265,000	21,200	286,200
2050	265,000	10,600	275,600
Totals	$ 6,730,000	$ 3,531,700	$ 10,261,700

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2024		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 750,000	$ 748,400	$ 1,498,400
2027	750,000	718,400	1,468,400
2028	750,000	688,400	1,438,400
2029	750,000	658,400	1,408,400
2030	750,000	628,400	1,378,400
2031	750,000	598,400	1,348,400
2032	750,000	568,400	1,318,400
2033	750,000	538,400	1,288,400
2034	750,000	508,400	1,258,400
2035	750,000	478,400	1,228,400
2036	750,000	448,400	1,198,400
2037	750,000	418,400	1,168,400
2038	750,000	388,400	1,138,400
2039	750,000	358,400	1,108,400
2040	750,000	328,400	1,078,400
2041	750,000	298,400	1,048,400
2042	750,000	268,400	1,018,400
2043	745,000	238,400	983,400
2044	745,000	208,600	953,600
2045	745,000	178,800	923,800
2046	745,000	149,000	894,000
2047	745,000	119,200	864,200
2048	745,000	89,400	834,400
2049	745,000	59,600	804,600
2050	745,000	29,800	774,800
Totals	$ 18,710,000	$ 9,715,600	$ 28,425,600

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2024A		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ 975,000	$ 942,900	$ 1,917,900
2027	975,000	894,150	1,869,150
2028	975,000	845,400	1,820,400
2029	975,000	796,650	1,771,650
2030	975,000	747,900	1,722,900
2031	975,000	699,150	1,674,150
2032	975,000	669,900	1,644,900
2033	975,000	640,650	1,615,650
2034	975,000	611,400	1,586,400
2035	975,000	582,150	1,557,150
2036	970,000	552,900	1,522,900
2037	970,000	523,800	1,493,800
2038	970,000	494,700	1,464,700
2039	970,000	465,600	1,435,600
2040	970,000	426,800	1,396,800
2041	970,000	388,000	1,358,000
2042	970,000	349,200	1,319,200
2043	970,000	310,400	1,280,400
2044	970,000	271,600	1,241,600
2045	970,000	232,800	1,202,800
2046	970,000	194,000	1,164,000
2047	970,000	155,200	1,125,200
2048	970,000	116,400	1,086,400
2049	970,000	77,600	1,047,600
2050	970,000	38,800	1,008,800
Totals	$ 24,300,000	$ 12,028,050	$ 36,328,050

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Contract Revenue Bonds Series 2025		
	Principal Due December 1	Interest Due June 1, December 1	Total
2026	$ -	$ 2,557,106	$ 2,557,106
2027	1,890,000	2,348,362	4,238,362
2028	1,890,000	2,223,150	4,113,150
2029	1,890,000	2,097,937	3,987,937
2030	1,890,000	1,972,725	3,862,725
2031	1,890,000	1,847,513	3,737,513
2032	1,890,000	1,722,300	3,612,300
2033	1,890,000	1,627,800	3,517,800
2034	1,890,000	1,533,300	3,423,300
2035	1,890,000	1,438,800	3,328,800
2036	1,890,000	1,360,838	3,250,838
2037	1,890,000	1,282,875	3,172,875
2038	1,890,000	1,204,912	3,094,912
2039	1,890,000	1,126,950	3,016,950
2040	1,890,000	1,048,988	2,938,988
2041	1,885,000	971,025	2,856,025
2042	1,885,000	893,269	2,778,269
2043	1,885,000	815,512	2,700,512
2044	1,885,000	737,756	2,622,756
2045	2,000,000	660,000	2,660,000
2046	2,000,000	577,500	2,577,500
2047	2,000,000	495,000	2,495,000
2048	2,000,000	412,500	2,412,500
2049	2,000,000	330,000	2,330,000
2050	2,000,000	247,500	2,247,500
2051	2,000,000	165,000	2,165,000
2052	2,000,000	82,500	2,082,500
Totals	$ 50,000,000	$ 31,781,118	$ 81,781,118

Harris County Municipal Utility District No. 171
Schedule of Long-Term Debt Service Requirements
by Years, Business-Type Activities
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 6,455,000	$ 9,102,990	$ 15,557,990
2027	8,415,000	8,577,888	16,992,888
2028	8,485,000	8,137,006	16,622,006
2029	8,560,000	7,702,203	16,262,203
2030	8,640,000	7,264,444	15,904,444
2031	8,725,000	6,824,084	15,549,084
2032	8,810,000	6,433,102	15,243,102
2033	8,900,000	6,091,803	14,991,803
2034	8,985,000	5,746,760	14,731,760
2035	9,085,000	5,394,920	14,479,920
2036	9,180,000	5,053,651	14,233,651
2037	9,280,000	4,707,706	13,987,706
2038	9,395,000	4,353,180	13,748,180
2039	9,505,000	3,994,448	13,499,448
2040	9,620,000	3,619,895	13,239,895
2041	9,740,000	3,239,403	12,979,403
2042	9,865,000	2,853,003	12,718,003
2043	9,815,000	2,461,997	12,276,997
2044	9,945,000	2,071,916	12,016,916
2045	7,940,000	1,677,109	9,617,109
2046	7,210,000	1,362,490	8,572,490
2047	7,235,000	1,067,357	8,302,357
2048	5,195,000	771,600	5,966,600
2049	5,195,000	549,150	5,744,150
2050	3,980,000	326,700	4,306,700
2051	2,000,000	165,000	2,165,000
2052	2,000,000	82,500	2,082,500
Totals	$ 212,160,000	$ 109,632,305	$ 321,792,305

Harris County Municipal Utility District No. 171
Changes in Long-Term Bonded Debt, Business-Type Activities
Year Ended December 31, 2025

	Road Contract Revenue Bonds Series 2017	Contract Revenue Bonds Series 2018	Contract Revenue Bonds Series 2019	Bond Road Contract Revenue Bonds Series 2020
Interest rates	2.00% to 4.00%	3.00% to 4.50%	2.000% to 3.375%	2.00% to 3.00%
Dates interest payable	June 1/ December 1	June 1/ December 1	June 1/ December 1	June 1/ December 1
Maturity dates	December 1, 2026/2042	December 1, 2026/2044	December 1, 2026/2044	December 1, 2026/2045
Bonds outstanding, beginning of the current year	$ 2,165,000	$ 17,040,000	$ 12,660,000	$ 3,930,000
Bonds sold during the current year	-	-	-	-
Retirements, principal	80,000	560,000	405,000	125,000
Bonds outstanding, end of current year	$ 2,085,000	$ 16,480,000	$ 12,255,000	$ 3,805,000
Interest paid during the current year	$ 81,020	$ 721,617	$ 399,195	$ 103,813

Paying agent's name and address

Road Series 2017	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2018	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2019	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Road Series 2020	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2020	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Road Series 2021	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2021	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2022	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2023	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Road Series 2024	–	The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority	Contract Revenue and Refunding Bonds	Road Contract Revenue and Refunding Bonds
Amount authorized by voters	$ 680,320,000	$ 98,910,000
Amount issued	$ 210,695,000	$ 16,980,000
Remaining to be issued	$ 469,625,000	$ 81,930,000

Debt service cash and temporary investment balances as of December 31, 2025:	$ 13,037,270
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 11,918,234

Issues						
Contract Revenue Bonds Series 2020	**Road Contract Revenue Bonds Series 2021**	**Contract Revenue Bonds Series 2021**	**Contract Revenue Bonds Series 2022**	**Contract Revenue Bonds Series 2023**	**Road Contract Revenue Bonds Series 2024**
2.25% to 4.75%	2.25% to 4.75%	2.50% to 5.00%	4.50% to 7.00%	4.25% to 6.75%	4.00% to 5.00%
June 1/ December 1	June 1/ December 1	June 1/ December 1	June 1/ December 1	June 1/ December 1	June 1/ December 1
December 1, 2026/2045	December 1, 2026/2047	December 1, 2026/2047	December 1, 2026/2047	December 1, 2026/2049	December 1, 2026/2050
$ 10,500,000	$ 2,645,000	$ 16,115,000	$ 21,390,000	$ 30,380,000	$ 7,000,000
-	-	-	-	-	-
500,000	115,000	470,000	930,000	1,220,000	270,000
$ 10,000,000	$ 2,530,000	$ 15,645,000	$ 20,460,000	$ 29,160,000	$ 6,730,000
$ 256,250	$ 67,850	$ 457,775	$ 1,132,275	$ 1,585,912	$ 296,200

Harris County Municipal Utility District No. 171
Changes in Long-Term Bonded Debt, Business-Type Activities
Year Ended December 31, 2025 (Continued)

	Bond Issues			
	Contract Revenue Bonds Series 2024	Contract Revenue Bonds Series 2024A	Contract Revenue Bonds Series 2025	Totals
Interest rates	4.00%	3.00% to 5.00%	4.125% to 6.625%	
Dates interest payable	June 1/ December 1	June 1/ December 1	June 1/ December 1	
Maturity dates	December 1, 2026/2050	December 1, 2026/2050	December 1, 2027/2052	
Bonds outstanding, beginning of the current year	$ 18,710,000	$ 24,300,000	$ -	$ 166,835,000
Bonds sold during the current year	-	-	50,000,000	50,000,000
Retirements, principal	-	-	-	4,675,000
Bonds outstanding, end of current year	$ 18,710,000	$ 24,300,000	$ 50,000,000	$ 212,160,000
Interest paid during the current year	$ 748,400	$ 1,024,094	$ -	$ 6,874,401

Paying agent's name and address

Series 2024 - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2024A - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2025 - The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Harris County Municipal Utility District No. 171
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,

	Amounts				
	2025	**2024**	**2023**	**2022**	**2021**
General Fund					
Revenues					
Property taxes	$ 219,846	$ 329,858	$ 388,584	$ 203,987	$ 91,236
Water service	115,108	70,169	34,135	33,037	-
Sewer service	54,121	25,071	9,810	1,186	-
Regional water fee	349,187	234,285	231,298	238,445	-
Penalty and interest	4,621	2,091	365	99	-
Tap connection and inspection fees	370,964	91,020	228,692	-	-
Investment income	6,019	10,321	3,394	471	11
Other income	276	-	5,629	272	600
Total Revenues	1,120,142	762,815	901,907	477,497	91,847
Expenditures					
Service operations					
Purchased services	491,520	214,380	140,760	39,760	-
Regional water authority	379,395	244,421	214,047	210,573	-
Professional fees	123,006	121,700	116,242	125,988	112,955
Contracted services	11,931	9,508	16,258	8,538	6,038
Other expenditures	22,936	27,682	15,658	29,364	19,140
Tap connections	162,521	67,366	87,750	-	-
Debt service, contractual obligation	-	-	208,656	96,636	61,312
Total Expenditures	1,191,309	685,057	799,371	510,859	199,445
Excess (Deficiency) of Revenues Over Expenditures	(71,167)	77,758	102,536	(33,362)	(107,598)
Other Financing Sources (Uses)					
Interfund transfers out	(22,417)	(165)	-	-	-
Developer advances received	-	-	-	100,000	88,000
Total Other Financing Sources (Uses)	(22,417)	(165)	-	100,000	88,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(93,584)	77,593	102,536	66,638	(19,598)
Fund Balance (Deficit), Beginning of Year	217,502	139,909	37,373	(29,265)	(9,667)
Fund Balance (Deficit), End of Year	$ 123,918	$ 217,502	$ 139,909	$ 37,373	$ (29,265)
Total Active Retail Water Connections	88	59	49	34	29
Total Active Retail Wastewater Connections	40	15	13	6	4

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
19.6 %	43.2 %	43.1 %	42.7 %	99.3 %
10.3	9.2	3.8	6.9	-
4.8	3.3	1.1	0.3	-
31.2	30.7	25.7	49.9	-
0.4	0.3	0.0	0.0	-
33.1	11.9	25.3	-	-
0.6	1.4	0.4	0.1	0.0
0.0	-	0.6	0.1	0.7
100.0	100.0	100.0	100.0	100.0
43.9	28.1	15.6	8.3	-
33.9	32.0	23.7	44.1	-
11.0	16.0	12.9	26.4	123.0
1.1	1.3	1.8	1.8	6.6
2.0	3.6	1.8	6.2	20.8
14.5	8.8	9.7	-	-
-	-	23.1	20.2	66.8
106.4	89.8	88.6	107.0	217.2
(6.4) %	10.2 %	11.4 %	(7.0) %	(117.2) %

Harris County Municipal Utility District No. 171
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Two Years Ended December 31,

	Amounts		Percent of Fund Total Revenues	
	2025	2024	2025	2024
Debt Service Fund				
Revenues				
Property taxes	$ 765,915	$ 398,013	95.7 %	95.2 %
Penalty and interest	2,242	10,577	0.3	2.5
Investment income	30,302	9,038	3.8	2.2
Other income	1,967	338	0.2	0.1
Total Revenues	800,426	417,966	100.0	100.0
Expenditures				
Current				
Professional fees	4,799	5,991	0.6	1.4
Contracted services	11,899	9,562	1.5	2.3
Other expenditures	1,834	709	0.2	0.2
Debt service				
Principal retirement	225,000	-	28.1	-
Interest and fees	255,240	-	31.9	-
Contractual obligation	596,162	415,804	74.5	99.5
Total Expenditures	1,094,934	432,066	136.8	103.4
Deficiency of Revenues Over Expenditures	(294,508)	(14,100)	(36.8) %	(3.4) %
Other Financing Sources				
Interfund transfers in	22,417	165		
General obligation bonds issued	-	649,762		
Total Other Financing Sources	22,417	649,927		
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(272,091)	635,827		
Fund Balance, Beginning of Year	635,827	-		
Fund Balance, End of Year	$ 363,736	$ 635,827		

Harris County Municipal Utility District No. 171
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025

Complete District mailing address:	Harris County Municipal Utility District No. 171 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027	
District business telephone number:	713.860.6400	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 45.054):		June 12, 2024
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Duane Heckmann	Elected 05/22–05/26	$ 2,873	$ 176	President
Mark Yentzen	Elected 05/22–05/26	3,315	598	Vice President
Saundra Dahlke	Elected 05/24–05/28	2,652	-	Secretary
Marilyn A. Roberts	Elected 05/22–05/26	3,094	792	Assistant Vice President
Todd Hamilton	Appointed 06/24–05/28	2,210	358	Assistant Secretary

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

Harris County Municipal Utility District No. 171
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025 **(Continued)**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	08/12/14	$ 176,677 674,579	General Counsel Bond Counsel
BGE, Inc.	08/12/14	1,149,814	Engineer
District Data Services, Inc.	07/11/22	40,389	Bookkeeper
Forvis Mazars, LLP	01/11/16	85,200	Auditor
Harris Central Appraisal District	Legislative Action	8,899	Appraiser
Masterson Advisors LLC	04/26/18	693,851	Financial Advisor
SWA Group	09/08/14	27,293	Landscape Architect
Si Environmental, LLC	02/09/15	875,943	Operator
Utility Tax Service, LLC	04/13/15	6,284	Tax Assessor/ Collector
Investment Officer			
Stephanie Viator	08/08/22	N/A	Bookkeeper

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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

SPECIMEN

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

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

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

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