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 Ratings (AG): S&P "AA" (stable outlook)
Moody's "A1" (stable outlook)
Underlying Rating: Moody's "Baa2"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$32,700,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 171
(A political subdivision of the State of Texas located within Harris County)
CONTRACT REVENUE BONDS
SERIES 2026

The bonds described above (the "Bonds") are special obligations solely of Harris County Municipal Utility District No. 171 (the "Master District" or the "District" or "MUD 171") payable solely from and to the extent of payments required to be made to the Trustee (as herein defined) by the municipal utility districts within the Service Area (as defined herein) that have executed the Master District Contract as defined herein (the "Participants") from proceeds of an unlimited annual ad valorem tax without legal limit as to rate or amount levied by each Participant or from other revenues available to such Participant (the "Water/Sewer/Drainage Contract Payments"). Payment of Water/Sewer/Drainage Contract Payments by Participants and use of such proceeds by the Master District to pay debt service on the Bonds is governed by the Contracts for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended, between each Participant and the Master District (the "Master District Contract") as described more fully herein under "MASTER DISTRICT CONTRACT." The Bonds are special obligations of the Master District payable solely from the Water/Sewer/Drainage Contract Payments and are not obligations of the State of Texas, Harris County, the City of Houston, any of the Participants (except the Master District in its role as a Participant), or any entity other than the Master District.

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

The Bonds will be issued in fully registered form only, in denominations of $5,000 or any integral multiple of $5,000. Principal of the Bonds will be payable upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar") in Houston, Texas. Interest on the Bonds accrues from the date of delivery (expected on or about November 19, 2026) (the "Date of Delivery") and is payable June 1, 2027, and each December 1 and June 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

The Bonds will be initially 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 of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

ASSURED GUARANTY

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. ("AG" or the "Insurer").

MATURITY SCHEDULE

Principal Amount	Maturity (December 1)	CUSIP Number (b)	Interest Rate	Initial Reoffering Yield (c)	Principal Amount	Maturity (December 1)	CUSIP Number (b)	Interest Rate	Initial Reoffering Yield (c)
$ 410,000	2028	41423T QX0	6.500 %	3.80 %	$ 770,000	2041 (a)	41423T RL5	5.000 %	5.03 %
430,000	2029	41423T QY8	6.500	3.90	810,000	2042 (a)	41423T RM3	5.000	5.07
450,000	2030	41423T QZ5	6.500	4.00	850,000	2043 (a)	41423T RN1	5.000	5.13
475,000	2031	41423T RA9	6.500	4.10	895,000	2044 (a)	41423T RP6	5.000	5.18
495,000	2032	41423T RB7	6.500	4.20	940,000	2045 (a)	41423T RQ4	5.000	5.21
520,000	2033 (a)	41423T RC5	6.000	4.35	1,155,000	2046 (a)	41423T RR2	5.000	5.25
550,000	2034 (a)	41423T RD3	5.000	4.45	1,210,000	2047 (a)	41423T RS0	5.125	5.30
575,000	2035 (a)	41423T RE1	5.000	4.55	2,000,000	2048 (a)	41423T RT8	5.125	5.33
605,000	2036 (a)	41423T RF8	5.000	4.65	2,075,000	2049 (a)	41423T RU5	5.125	5.36
635,000	2037 (a)	41423T RG6	5.000	4.75	3,000,000	2050 (a)	41423T RV3	5.250	5.38
665,000	2038 (a)	41423T RH4	5.000	4.85	3,750,000	2051 (a)	41423T RW1	5.250	5.40
700,000	2039 (a)	41423T RJ0	5.000	4.95	3,750,000	2052 (a)	41423T RX9	5.250	5.42
735,000	2040 (a)	41423T RK7	5.000	5.00	4,250,000	2053 (a)	41423T RY7	5.250	5.45

(a) Bonds maturing on or after December 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 December 1, 2032, or on any date thereafter at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

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

(c) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

The Bonds, when issued, will constitute valid and legally binding special obligations of the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. Bond purchasers are encouraged to read this OFFICIAL STATEMENT prior to making an investment decision, particularly the section captioned "INVESTMENT CONSIDERATIONS."

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. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 19, 2026, in Houston, Texas.

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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 representation 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, contracts, audited financial statements, engineering and other related reports referenced or described 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 the District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

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 until the delivery of the Bonds to the Underwriter and thereafter only as described in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement." The District has undertaken no other reporting obligations to purchasers of the Bonds except as described herein under "CONTINUING DISCLOSURE OF INFORMATION."

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 C."

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 Raymond James & Associates, 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 5.343504%, 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 Master District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the United States 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; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Master 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 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 MASTER DISTRICT

Description.....Harris County Municipal Utility District No. 171 (the "Master District" or the "District") is a political subdivision of the State of Texas, created by an order of the Texas Water Commission (a predecessor to the Texas Commission of Environmental Quality or "TCEQ") on October 16, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. 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 (the "Service Area") which includes the following municipal utility districts: the District, Harris County Municipal Utility District No. 457 ("MUD 457"), Harris County Municipal Utility District No. 458 ("MUD 458"), Harris County Municipal Utility District No. 532 ("MUD 532"), Harris County Municipal Utility District No. 533 ("MUD 533") and Harris County Municipal Utility District No. 534 ("MUD 534"). The District (as a Participant), MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534 have each executed a Contract for the 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 collectively as the "Participants." See "MASTER DISTRICT CONTRACT," "THE PARTICIPANTS," and "THE DISTRICT AND SERVICE AREA."

Location.....The Service Area is located approximately 35 miles west of the central downtown business district of the City of Houston, Texas in Harris County. The Service Area lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and portions of the Service Area lie within the boundaries of the Katy Independent School District and portions of the Service Area lie within the boundaries of the Cypress-Fairbanks Independent School District. Access to the Service Area is currently provided by the Grand Parkway (Texas State Highway 99) to Farm-to-Market 529. Other thoroughfares to the Service Area include Peek Road, Porter Road and Beckendorff Road. See "THE DISTRICT AND SERVICE AREA" and "AERIAL LOCATION MAP."

Elyson.....The Service Area is being developed and marketed as Elyson, a master-planned community currently planned to encompass the entire approximately 3,599 acre Service Area at full development. See "ELYSON," "THE DISTRICT AND SERVICE AREA" and "THE DEVELOPERS."

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.

Developers.....NASH FM 529, LLC ("NASH FM 529"), a Delaware limited liability company, is the principal developer within the Service Area and was created for the sole purpose of acquiring and developing Elyson, including the District and its only substantial asset consists of land in Elyson. See "THE DEVELOPERS." 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, multifamily, hospitality and logistics.

PPE GCW, LP, a Texas limited partnership ("PPE") is the developer of approximately 149 acres of land in MUD 458, all of which is served with trunk utilities where an approximately 838,500 square-foot Builders FirstSource distribution center has been constructed on approximately 37 of such acres. Builders FirstSource leases such facilities from GCW BFS SPV, LLC and is responsible for all tax payments on such land and building. In addition, Southeastern Freight Lines has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage. PPE continues to own approximately 85 acres of vacant developable land within MUD 458.

NASH FM 529 and PPE collectively referred to herein as the "Developers." Neither the Developers nor any of their respective affiliates are obligated to pay any principal of or interest on the Bonds. See "THE DEVELOPERS."

Status of Development ..... The traditional single-family residential development within the Service Area consists of 1,971 single-family residential lots on approximately 623 acres in MUD 457, 145 single-family residential lots on approximately 30 acres in MUD 458, 946 single-family residential lots on approximately 330 acres (including 82 lots on approximately 20 acres currently under construction with an expected completion date in the fourth quarter of 2026) in MUD 532, 191 single-family residential lots on approximately 93 acres (including 150 lots on approximately 78 acres currently under construction with an expected completion date in the first quarter of 2027) in MUD 533 and 1,527 single-family residential lots on approximately 428 acres in MUD 534. According to Brookfield, new homes within the Service Area range in price from approximately $350,000 to over $1,000,000.

A single-family rental community owned and leased by Brookfield has been developed on approximately 18 acres in the Service Area (approximately 16 acres in MUD 458 and approximately 2 acres in the District). There are 122 rental home lots and 13 rental duplex lots (26 residential units) in MUD 458 and 14 rental home lots and 4 duplex lots (8 residential units) in the District.

As of September 30, 2026, 3,816 homes were complete in the Service Area (3,776 occupied), 324 homes were under construction or continue to be owned by a builder and 578 developed lots were available for home construction. Such numbers include the traditional single-family residential development and the single-family rental development. The estimated population in the Service Area based upon 3.5 persons per occupied single-family residence is 13,216.

Approximately 362 acres have been served with trunk facilities for commercial development in the Service Area, of which approximately 114 acres are located within the District, approximately 42 acres are located within MUD 457, approximately 195 acres are located within MUD 458, approximately 3 acres are located in MUD 532 and approximately 8 acres are located within MUD 534. A Timewise gas station on approximately three acres within MUD 532 is provided utility services by the District. Approximately 114 acres of land within the District have been provided with trunk utilities related to water, sewer and drainage facilities. 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. A child day care center; a gas service station/convenience store; three shopping centers, each including casual dining restaurants, personal care services and retail shops; and a prep school have been constructed in MUD 457. Commercial development within MUD 458 includes an approximately 838,500 square-foot Builders FirstSource distribution center constructed on approximately 37 acres and a Southeastern Freight Lines truck terminal, service center and offices constructed on approximately 27 acres. Approximately 131 acres in MUD 458 are served with trunk utilities but do not yet have vertical improvements.

A Harmony Charter School has been constructed on approximately 26 acres in MUD 458 and an elementary school has been constructed on approximately 13 acres in MUD 457. An elementary school has been constructed on approximately 14 acres in MUD 534. The school sites are exempt from ad valorem taxation. Approximately 213 developable acres have not been provided with water distribution, wastewater collection and storm drainage facilities and approximately 1,423 acres are not developable. See "THE DISTRICT AND SERVICE AREA—Land Use," "—Status of Development" and "INVESTMENT CONSIDERATIONS—Undeveloped Acreage and Vacant Lots."

Recreational amenities within the Service Area for all residents in the Service Area have been constructed on approximately 26 acres and 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 3,600 square foot recreation center which includes two pools, a fitness center and a space for special events and other activities located in MUD 534. Parks and open space within the Service Area are or are planned to be connected by a master trail system.

Homebuilders.....Westin Homes, Perry Homes, Chesmar Homes, Newmark Homes, Highland Homes, Brookfield Residential and Beazer Homes are all actively building homes in the Service Area. See "THE DEVELOPERS—Homebuilding."

Master Facilities.....The Master District, in its capacity as the provider of regional water, wastewater, storm sewer facilities ("Master District Water/Sewer/Drainage Facilities" or "Master District Water, Sewer, Drainage Facilities"), regional park facilities ("Master District Park Facilities"), regional road facilities ("Master District Road Facilities") and other regional facilities necessary to serve the Service Area (hereinafter collectively referred to as the "Master District Facilities"), has contracted with each of the Participants to construct and provide service from the Master District Facilities. See "INVESTMENT CONSIDERATIONS—Possible Impact on Contract Tax Rate" and "—Debt Burden on Property within the Participants," "THE SYSTEM—Master District Facilities," and "THE ROAD SYSTEM."

The Master District owns and operates the Master District Facilities, with the exception of roads conveyed to and accepted by Harris County. Each Participant, including the District in its capacity as provider of internal water distribution, wastewater collection and storm drainage, owns and operates the internal utilities within its boundaries. See "MASTER DISTRICT CONTRACT."

Taxation.....The tax rate for each Participant consists of the Contract Tax, as defined herein (see "MASTER DISTRICT CONTRACT"), together with the debt service tax necessary for the payment of direct debt of each Participant, if applicable, and maintenance and operation tax of each Participant. The District, in its capacity as a Participant, has issued $7,685,000 principal amount of unlimited tax bonds, of which $7,305,000 principal amount is currently outstanding as of the date hereof. In addition, the District, in its capacity as a Participant, sold $2,230,000 principal amount of unlimited tax bonds on October 20, 2026, which are expected to be issued on November 19, 2026. MUD 457 has issued $58,555,000 principal amount of unlimited tax bonds, of which $49,595,000 principal amount is currently outstanding as of the date hereof. MUD 458 has issued $9,100,000 principal amount of unlimited tax bonds, of which $9,000,000 is currently outstanding as of the date hereof. In addition, MUD 458 expects to issue approximately $3,000,000 principal amount of unlimited tax bonds in the fourth quarter of 2026. MUD 532 has issued $12,480,000 principal amount of unlimited tax bonds (including $6,500,000 principal amount of unlimited tax bonds expected to be issued on October 29, 2026), of which all is currently outstanding as of the date hereof. MUD 534 has issued $52,145,000 principal amount of unlimited tax bonds (including $2,500,000 principal amount of unlimited tax bonds expected to be issued on October 29, 2026), of which $50,585,000 principal amount is currently outstanding as of the date hereof. The District, in its capacity as a Participant, has adopted a total 2026 tax rate of $1.390, of which $0.35 is allocated to debt service, $0.205 is allocated to maintenance and operations and $0.835 is allocated to the Contract Tax. MUD 457 has adopted a $1.4750 total tax rate for 2026, of which $0.4325 is allocated to debt service, $0.2325 is allocated to maintenance and operations and $0.81 is allocated to the Contract Tax. MUD 458 has adopted a total 2026 tax rate of $1.200, of which $0.240 is allocated to debt service, $0.185 is allocated to maintenance and operations and $0.775 is allocated to the Contract Tax. MUD 458 may consider reallocation of the debt service and maintenance and operations tax components after its expected bond issuance in the fourth quarter of 2026. MUD 532 has published a total 2026 tax rate of $1.50, of which $0.07 is allocated to debt service, $0.64 is allocated to maintenance and operations and $0.79 is allocated to the Contract Tax. MUD 533 has published a total 2026 tax rate of $1.50, of which all is allocated to maintenance and operations. MUD 534 has published a total 2026 tax rate of $1.50, of which $0.55 is allocated to debt service, $0.14 is allocated to maintenance and operations and $0.81 is allocated to the Contract Tax. The published 2026 tax rates of MUD 532, MUD 533 and MUD 534 are expected to be adopted in October 2026. See "INVESTMENT CONSIDERATIONS—Possible Impact on Contract Tax Rate" and "—Debt Burden on Property within the Participants."

Payment History.....The Bonds are the Master District's tenth issuance of Water/Sewer/Drainage Contract Revenue Bonds (as defined herein). The Master District has issued $210,695,000 principal amount of Water/Sewer/Drainage Contract Revenue Bonds in nine series, $197,010,000 principal amount of which is outstanding (the "Outstanding Water/Sewer/Drainage Bonds") and $25,880,000 principal amount of Road Contract Revenue Bonds in five series, $24,050,000 principal amount of which is outstanding (the "Outstanding Road Bonds"). Collectively, the District has $221,060,000 principal amount of bonds outstanding (the "Outstanding Bonds"). The District will capitalize $2,180,000 of interest from proceeds of the Bonds, which is the maximum amount approved by the TCEQ, and will fully fund the Water/Sewer/Drainage Contract Revenue Reserve Fund (as defined in the Water/Sewer/Drainage Indenture) with Bond proceeds. The District has never defaulted on its debt obligations. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND PARTICIPANTS (UNAUDITED)—Outstanding Bonds."

THE BONDS

Description.....Harris County Municipal Utility District No. 171 Contract Revenue Bonds, Series 2026 (the "Bonds") are being issued in the aggregate principal amount of $32,700,000. The Bonds are dated November 1, 2026. Interest accrues from the Date of Delivery and is payable each June 1 and December 1, beginning June 1, 2027, at the rates per annum set forth on the cover page hereof. The Bonds are being issued as serial bonds maturing on December 1 in each of the years 2028 through 2053, both inclusive. The Bonds will be issued in fully registered form only, in denominations of $5,000 or any integral multiple of $5,000.

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

Redemption .....Bonds maturing on or after December 1, 2033 are subject to redemption at the option of the District prior to their maturity dates on December 1, 2032, or on any date thereafter at a price of par plus accrued interest on the principal amounts called for redemption 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 related items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, proceeds of the Bonds will be used to capitalize $2,180,000 of interest on the Bonds, which is the maximum amount approved by the TCEQ; to fund the Reserve Requirement (defined in the Bond Resolution); 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" and "THE SYSTEM."

Authority for Issuance.....The Bonds are the tenth series of bonds issued by the Master District pursuant to the Master District Contract for the purpose of constructing and acquiring all Master District Water/Sewer/Drainage Facilities. The Master District is authorized by the Master District Contract to issue contract revenue bonds in an amount not to exceed $680,320,000 principal amount for the purpose of constructing and acquiring all Master District Water/Sewer/Drainage Facilities necessary to provide service to the Service Area and for refunding such bonds. Any additional Contract Revenue Bonds issued by the Master District will be on parity with the Bonds.

The Bonds are issued pursuant to the terms and conditions of Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, the Water/Sewer/Drainage Indenture (as defined herein), a resolution authorizing the issuance of the Bonds (the "Bond Resolution"), and an order of the TCEQ. See "THE BONDS—Authority for Issuance," and "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

Source and Security of Payment .....Principal of and interest on the Bonds and the Outstanding Bonds are payable from and secured by unconditional obligations of the Participants to make certain Contract Payments (as herein defined) pursuant to each Master District Contract. By execution of the Master District Contract, each Participant has agreed to pay a pro rata share of debt service on the Bonds, the Outstanding Water/Sewer/Drainage Bonds (the "Water/Sewer/Drainage Contract Payments"), and the Outstanding Road Bonds (the "Road Contract Payments"). The Water/Sewer/Drainage Contract Payments and the Road Contract Payments are collectively referred to as the "Contract Payments." The Contract Payments are based upon the Certified Appraised Valuation (which includes value associated with any optional exemptions that are granted by the Participants and the market value of any land value deferred for agricultural use) of each Participant as a percentage of the total Certified Appraised Valuation of all Participants. Each Participant is obligated to make such payments from the proceeds of an annual unlimited ad valorem tax levied by such Participant for such purpose on all taxable land within its boundaries (the "Contract Tax"), or from any other lawful source of income. The Contract Tax consists of a tax for the Water/Sewer/Drainage Contract Payments (the "Water/Sewer/Drainage Contract Tax") and a tax for the Road Contract Payments (the "Road Contract Tax"). No Participant is liable for the payments owed by any other Participant; however, failure of any Participant to make its Contract Payments could result in an increase in the total amount of the Contract Payments and the amount paid by each of the other Participants in a subsequent year or during the time such Participant's payment is delinquent. The Bonds are obligations of the Master District and are not obligations of the State of Texas, Harris County, the City of Houston, any of the Participants except the Master District, or any entity other than the Master District. See "MASTER DISTRICT CONTRACT," "THE BONDS—Source and Security of Payment," and "—Unconditional Obligation to Pay."

Indenture of Trust ..... The Bonds are further secured by an Indenture of Trust dated November 1, 2018 (the "Water/Sewer/Drainage Indenture") between the Master District and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as trustee (the "Trustee"). Pursuant to the Water/Sewer/Drainage Indenture, the Master District has assigned to the Trustee for the benefit of the owners of the Bonds and any additional water/sewer/drainage contract revenue bonds, including water/sewer/drainage contract revenue refunding bonds, issued by the Master District under the terms of the Water/Sewer/Drainage Indenture (collectively, the "Water/Sewer/Drainage Contract Revenue Bonds") all of the Master District's right, title and interest in and to the Water/Sewer/Drainage Contract Payments under the Master District Contract and has assigned to the Trustee the right to assert and enforce all of the Master District's rights and remedies under the Master District Contract in the event of a default. Under the Water/Sewer/Drainage Indenture, the Trustee will maintain a Water/Sewer/Drainage Contract Revenue Reserve Fund (defined below) to be used to pay principal of and interest on the Water/Sewer/Drainage Contract Revenue Bonds, if sufficient funds are not available for such purpose in the Water/Sewer/Drainage Contract Revenue Debt Service Fund. The reserve requirement for the Water/Sewer/Drainage Contract Revenue Reserve Fund has been established in the Bond Resolution to be a sum of money equal to one-half of the maximum annual debt service requirements on the Outstanding Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds (the "Reserve Requirement"). Any funds in excess of the Reserve Requirement held in the Water/Sewer/Drainage Contract Revenue Reserve Fund for the Water/Sewer/Drainage Contract Revenue Bonds may be deposited into the Water/Sewer/Drainage Contract Revenue Debt Service Fund as directed by the Master District's Board of Directors. The Master District has established a separate Indenture of Trust for the benefit of road contract revenue bonds (the "Road Indenture") and the road bonds (the "Road Contract Revenue Bonds"). The Road Indenture and the Water/Sewer/Drainage Indenture are collectively referred to as the "Indentures." The Water/Sewer/Drainage Contract Revenue Bonds together with the Road Contract Revenue Bonds are referred to herein as the "Contract Revenue Bonds." See "THE BONDS—Funds" and "THE INDENTURE OF TRUST."

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) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to this issue of 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"). Moody's has also assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX C."

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, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."

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

Financial Advisor ..... Masterson Advisors LLC, Houston, Texas.

Trustee ..... The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE INDENTURE OF TRUST."

Paying Agent/Registrar ..... The Bank of New York Mellon Trust Company, N.A., Houston, Texas.

THE MASTER DISTRICT CONTRACT

Participants.....To date, the District (in its capacity as a Participant), MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534 have contracted with the Master District as Participants. Each Participant is a municipal utility district organized and operating pursuant to Article XVI, Section 59 of the Constitution of Texas and Chapters 49 and 54, Texas Water Code, as amended, to provide water supply and distribution, wastewater collection and treatment, storm drainage, road, and park and recreation services to the area within its boundaries. See "MASTER DISTRICT CONTRACT," "THE PARTICIPANTS" and "APPENDIX A."

Debt Service Payments .....The Master District Contract provides that each Participant shall pay a pro rata share of debt service on the Bonds and the Outstanding Bonds based upon each Participant's Certified Appraised Valuation as a percentage of the Certified Appraised Valuation of all the Participants, calculated annually. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the Contract Tax, without legal limit as to rate or amount, or from any other legally available funds. The Contract Payment may be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Bonds and the Outstanding Bonds, the principal, interest and redemption requirements of the Bonds and the Outstanding Bonds and all amounts required to establish and maintain funds established under the applicable Bond Resolutions or Indentures. Each Participant's Contract Payment 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 each Participant. See "MASTER DISTRICT CONTRACT," "THE BONDS—Source and Security of Payment" and "—Funds." Each Participant is obligated severally, but not jointly, to make Contract Payments to the Master District. No Participant is obligated, contingently or otherwise, to make any Contract Payments owed by any other Participant, however, lack of payment, as required by the Master District Contract, by any Participant, could result in an increase in the Contract Payment amount paid by each of the other Participants in a subsequent year or during the time that such Participant's payment is delinquent.

Water and Sewer Revenue.....In addition to obligating each Participant to pay its Contract Payments, the Master District Contract also obligates each Participant to pay monthly charges to the Master District for water and sewer services rendered pursuant to the Master District Contract. The monthly charges paid by each Participant to the Master District will be used to pay operations and maintenance expenses and to provide an operation and maintenance reserve equivalent to three (3) months of operations and maintenance expenses. The Master District currently has operation and maintenance reserves equal to three (3) months of operating and maintenance expenses. The Master District Contract obligates each Participant to establish, maintain and from time-to-time adjust its rates, fees and charges for use of its wastewater collection system and water distribution system, or for the availability of such services, to the end that the gross revenues therefrom together with any taxes levied in support thereof and funds received from any other lawful source will be sufficient at all times to pay all operation and maintenance expenses of the Participant's water distribution and wastewater collection system and its obligations to the Master District under the Master District Contract, including its obligation to pay Contract Payments for application to debt service on the Contract Revenue Bonds, including the Bonds. See "MASTER DISTRICT CONTRACT."

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special INVESTMENT CONSIDERATIONS, and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, particularly the section captioned "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

Appraised Valuations of the Participants (a):

	Participant Valuation					
Participant	2022 Certified Appraised Valuation (b)	2023 Certified Appraised Valuation (b)	2024 Certified Appraised Valuation (b)	2025 Appraised Valuation (b)	2026 Appraised Valuation (b)	Estimated Appraised Valuation as of 8/1/26 (c)
MUD 171	$ 28,355,372	$ 51,965,247	$ 71,919,673	$ 112,549,727	$ 131,529,432	$ 167,091,944
MUD 457	724,603,662	860,207,504	868,013,709	869,806,474	842,251,637	852,763,214
MUD 458	25,805,742	37,649,059	72,837,965	141,986,682	236,589,475	222,064,152
MUD 532	14,473,648	14,567,842	14,159,817	40,754,550	170,588,749	252,233,113
MUD 533	-	59,773	3,498,447	3,682,668	6,919,987	27,071,291
MUD 534	47,433,689	215,546,153	369,364,476	558,136,470	649,046,418	662,170,889
Total	$ 840,672,113	$ 1,179,995,578	$1,399,794,087	$ 1,726,916,571	$ 2,036,925,698	$ 2,183,394,603

Contract Revenue Bonds of the Master District

Direct Debt (Including the Bonds)	$253,760,000
Estimated Overlapping Debt	197,321,717 (d)
Total Direct and Overlapping Debt	$451,081,717
Direct Debt as a % of	
2026 Appraised Valuation	12.46%
Estimated Appraised Valuation as of August 1, 2026	11.62%
Direct Debt and Estimated Overlapping Debt as a % of	
2026 Appraised Valuation	22.15%
Estimated Appraised Valuation as of August 1, 2026	20.66%

Participants' Appraised Valuation as a % of the Service Area (a):

Participant	2025 Appraised Valuation (b)	% of 2025 Appraised Valuation	2026 Appraised Valuation (b)	% of 2026 Appraised Valuation	Estimated Appraised Valuation as of 8/1/26 (c)	% of Estimated Appraised Valuation as of 8/1/2026
MUD 171	$ 112,549,727	6.52%	$ 131,529,432	6.46%	$ 167,091,944	7.65%
MUD 457	869,806,474	50.37%	842,251,637	41.35%	852,763,214	39.06%
MUD 458	141,986,682	8.22%	236,589,475	11.62%	222,064,152	10.17%
MUD 532	40,754,550	2.36%	170,588,749	8.37%	252,233,113	11.55%
MUD 533	3,682,668	0.21%	6,919,987	0.34%	27,071,291	1.24%
MUD 534	558,136,470	32.32%	649,046,418	31.86%	662,170,889	30.33%
Total	$ 1,726,916,571	100.00%	$ 2,036,925,698	100.00%	$ 2,183,394,603	100.00%

(a) Appraised value does not exclude value associated with any optional exemption that a Participant may grant under Texas law nor does it exclude the market value deferred as a result of agricultural use. MUD 533's initial activation at the Harris Central Appraisal District (the "Appraisal District") was 2023; therefore, no information for years prior to activation is available.

(b) As certified by the Appraisal District for 2022 through 2025. For 2026, the Appraisal District has certified $1,839,473,197 of appraised value in the boundaries of the Participants. There is also appraised value in the boundaries of the Participants that remains uncertified, subject to review and downward revision or adjustment prior to certification in the amount of $197,452,501. For purposes of this OFFICIAL STATEMENT, the 2026 Appraised Valuation represents the Certified Appraised Valuation plus the uncertified appraised value. No tax will be levied on the uncertified value until it is certified. See "APPENDIX A" for information on each Participant's certified and uncertified value.

(c) The Estimated Appraised Valuation as of August 1, 2026, as shown herein, is comprised of the estimate of appraised value as of August 1, 2026, for MUD 171, MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534, all provided by the Appraisal District. Optional exemptions granted by the Participants are not available in connection with the estimate of appraised value. The estimated appraised value for MUD 457 and MUD 534 includes the 2026 value associated with optional exemptions granted by MUD 457 and MUD 534, respectively. Optional exemptions are not granted by the other Participants. Increases in value that occur between January 1, 2026 and August 1, 2026 will be appraised for purposes of taxation on January 1, 2027. No tax will be levied on such amount until it is certified in the fall of 2027. See "TAXING PROCEDURES."

(d) See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated Overlapping Debt."

Status of Residential Development as of September 30, 2026 (a):

District	Acreage	Total Developed Lots	Completed Homes	Occupied Homes	Homes Under Construction or in Builders' Name	Vacant Developed Lots	Lots Under Construction	
MUD 171 (b)	399	22	22	22	-	-	-	
MUD 457	1,102	1,971	1,971	1,945	-	-	-	
MUD 458 (b)	589	293	182	182	54	57	-	
MUD 532	474	864	267	265	159	438	82	(c)
MUD 533	476	41	-	-	29	12	150	(d)
MUD 534	559	1,527	1,374	1,362	82	71	-	
Total	3,599	4,718	3,816	3,776	324	578	232	

Estimated Population: 13,216 (e)

Master District Water/Sewer/Drainage Debt Service Funds Available:

Water/Sewer/Drainage Contract Revenue Reserve Fund Balance as of October 12, 2026	$ 8,227,057	(f)(g)
Deposit to the Water/Sewer/Drainage Revenue Reserve Fund from Bond Proceeds	624,624	(f)(g)
Capitalized Interest from Bond Proceeds	2,180,000	(f)(h)
Water/Sewer/Drainage Contract Revenue Debt Service Fund as of October 12, 2026	13,298,243	(f)
Total Available for Water/Sewer/Drainage Debt Service	$24,329,924	(f)

Master District Road Debt Service Funds Available:

Road Contract Revenue Reserve Fund Balance as of October 12, 2026	$ 904,431	(f)
Road Contract Revenue Debt Service Fund Balance as of October 12, 2026	1,277,760	(f)
Total Available for Road Debt Service	$2,182,191	(f)

Master District Operating Funds Available as of October 12, 2026	$ 5,390,587
Water/Sewer/Drainage Capital Projects Funds Available as of October 12, 2026	$22,460,071
Road Capital Projects Funds Available as of October 12, 2026	$ 123,863

Debt Service Requirements (includes the Bonds and all Outstanding Bonds):

Maximum Annual Debt Service Requirement (2028)	$19,464,293	(i)
Average Annual Debt Service Requirement (2027-2053)	$14,354,090	(i)

(a) See "THE DISTRICT AND SERVICE AREA."

(b) A single-family rental community owned and leased by Brookfield has been developed on approximately 18 acres in the Service Area (approximately 16 acres in MUD 458 and approximately 2 acres in the District). There are 122 rental home lots and 13 rental duplex lots (26 residential units) in MUD 458 and 14 rental home lots and 4 duplex lots (8 residential units) in the District. See "THE DISTRICT AND THE SERVICE AREA—Status of Development—Single-Family Rental."

(c) Currently under construction with an expected completion date in fourth quarter of 2026. See "THE DISTRICT AND THE SERVICE AREA."

(d) Currently under construction with an expected completion date in first quarter of 2027. See "THE DISTRICT AND THE SERVICE AREA."

(e) Based upon 3.5 persons per occupied single-family residence.

(f) All of the Master District's Contract Revenue Bonds are payable from Contract Taxes. The revenues from the Water/Sewer/Drainage Contract Tax will be allocated to Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, and the revenues from the Road Contract Tax will be allocated to the Road Contract Revenue Bonds. The Road Contract Revenue Debt Service Fund and Road Contract Revenue Reserve Fund will not be pledged to the Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, nor will funds deposited into the Water/Sewer/Drainage Contract Revenue Debt Service Fund and Water/Sewer/Drainage Contract Revenue Reserve Fund be pledged to Road Contract Revenue Bonds.

(g) A reserve requirement for the Water/Sewer/Drainage Contract Revenue Reserve Fund has been established in the Bond Resolution to be a sum of money equal to one-half of the maximum annual debt service requirements on the Outstanding Water/Sewer/Drainage Bonds, including the Bonds, which is $8,828,449. Based on the Water/Sewer/Drainage Contract Revenue Reserve Fund Balance as of September 14, 2026 of $8,203,825, an amount required to satisfy the Reserve Requirement associated with the issuance of the Bonds ($624,624) will be funded with Bond proceeds and deposited in the Water/Sewer/Drainage Contract Revenue Reserve Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(h) The District will capitalize $2,180,000 of interest on the Bonds, which is the maximum amount approved by the TCEQ. Such amount will be deposited into the Water/Sewer/Drainage Contract Revenue Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(i) Each Participant is obligated to pay a pro rata share of debt service on the Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, and Road Contract Revenue Bonds by the dates specified in the Master District Contract. See "MASTER DISTRICT CONTRACT," "—Unconditional Obligation to Pay" and "THE INDENTURE OF TRUST."

Tax Rates of the Participants:

Participant	Anticipated 2026 Debt Service Tax	Anticipated 2026 Maintenance Tax	Anticipated 2026 Contract Tax	Anticipated Participant Total Tax Rate (c)
MUD 171 (a)	$ 0.3500	$ 0.2050	$ 0.8350	$ 1.3900
MUD 457 (a)	0.4325	0.2325	0.8100	1.4750
MUD 458 (a)	0.2400	0.1850	0.7750	1.2000
MUD 532 (b)	0.0700	0.6400	0.7900	1.5000
MUD 533 (b)	-	1.5000	-	1.5000
MUD 534 (b)	0.5500	0.1400	0.8100	1.5000

Participant	2025 Debt Service Tax	2025 Maintenance Tax	2025 Contract Tax	Participant Total Tax Rate (c)
MUD 171	$ 0.2100	$ 0.3600	$ 0.8200	$ 1.3900
MUD 457	0.3800	0.2308	0.8050	1.4158
MUD 458	0.0300	0.3650	0.8050	1.2000
MUD 532	-	1.0100	0.4900	1.5000
MUD 533	-	1.5000	-	1.5000
MUD 534	0.5000	0.2000	0.8000	1.5000

(a) Reflects the adopted total tax rate of MUD 171, MUD 457 and MUD 458 for the 2026 tax year. MUD 458 may consider reallocation of the debt service and maintenance and operations tax components after its expected bond issuance in the fourth quarter of 2026.

(b) MUD 532, MUD 533 and MUD 534 have published their respective total tax rate for 2026 and expect to levy such tax rate in October 2026.

(c) Does not include overlapping tax rates of the county, school district or any other taxing entities. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated Overlapping Taxes" and "APPENDIX A."

OFFICIAL STATEMENT

$32,700,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 171

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

CONTRACT REVENUE BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 171 (the "Master District" or the "District") of its $32,700,000 Contract Revenue Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to the Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended (the "Master District Contract") between the Master District and each of the Participants (as defined herein), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas, an order of the Texas Commission on Environmental Quality (the "TCEQ"), a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the Master District (the "Board"), and an Indenture of Trust dated November 1, 2018 (the "Water/Sewer/Drainage Indenture"), by and between the Master District and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds, the Bond Resolution, certain other information about the District, Harris County Municipal Utility District No. 457 ("MUD 457"), Harris County Municipal Utility District No. 458 ("MUD 458"), Harris County Municipal Utility District No. 532 ("MUD 532"), Harris County Municipal Utility District No. 533 ("MUD 533"), and Harris County Municipal Utility District No. 534 ("MUD 534"), all of which are located within an approximate 3,599 acre service area (the "Service Area") being provided with or to be provided with regional water, wastewater, storm sewer, park, road and other facilities (the "Master District Facilities") constructed by the Master District, and NASH FM 529, LLC, a Delaware limited liability company (the "NASH FM 529"), the principal developer of the Service Area, Brookfield Properties Development L.L.C. ("Brookfield") and PPE GCW, LP, a Texas limited partnership ("PPE"). NASH FM 529, Brookfield and PPE are collectively referred herein as the "Developers." The District (in its capacity as a Participant), MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534 have each entered into the Master District Contract (the "Participants"). All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents referenced herein may be obtained from the District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

MASTER DISTRICT CONTRACT

Each of the Participants, including the District in its capacity as a Participant, has executed the Master District Contract with the Master District and each Participant has obtained the approval of the Master District Contract from its voters at an election held within its boundaries. See "THE BONDS—Authority for Issuance." The Bonds and any additional water/sewer/drainage contract revenue bonds issued by the Master district pursuant to the Water/Sewer/Drainage Indenture are referred to as "Water/Sewer/Drainage Contract Revenue Bonds." Any bonds issued by the Master District under the Road Indenture (as defined herein) are referred to as the "Road Contract Revenue Bonds." The Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds are collectively referred to as the "Contract Revenue Bonds." The Master District Contract provides that each Participant shall pay a pro rata share of debt service on the Contract Revenue Bonds based upon each Participant's Certified Appraised Valuation as a percentage of the Certified Appraised Valuation of all the Participants, calculated annually (the "Contract Payments"). Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem tax without legal limit as to rate or amount (the "Contract Tax"), including the revenues from any other legally available funds. The Contract Tax will consist of a tax for the payment of debt service on the Water/Sewer/Drainage Contract Revenue Bonds (the "Water/Sewer/Drainage Contract Tax") and the payment of debt service on the Road Contract Revenue Bonds (the "Road Contract Tax"). The Contract Payments may 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. See "THE INDENTURE OF TRUST." 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 each Participant. Road Contract Payments (all of which are derived from the Road Contract Tax or other legally available funds of a Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds; or (ii) fund or maintain the Water/Sewer/Drainage Contract Revenue Reserve Fund. Pursuant to the Master District Contract, the Master District shall not issue Contract Revenue Bonds for parks and recreational facilities, unless and until said Master District Contracts are amended and approved by the voters of the districts in the Service Area in accordance with the terms of the Master District Contracts. The Master District may require Participants to remit Park Construction Charges (as defined in the Master District Contract), and such funds are not pledged for and are not available to be used to: (i) pay debt service on the Bonds or any other Contract Revenue Bonds; or (ii) fund or maintain the Water/Sewer/Drainage Contract Revenue Reserve Fund or the Road Contract Revenue Reserve Fund.

The Master District Contract also provides 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, Texas, for operation and maintenance by Harris County. Each Participant (including the District in its capacity as provider of internal facilities to serve the acreage within the District's boundaries) 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 a continually expanding population within the Service Area. In the event that the Master District fails to meet its obligations to provide regional road facilities (the "Master District Road 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 Road Facilities needed to provide it with service, and convey such Master District Road 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 Road 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 Contract. 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 each Participant is currently $50.00. Pursuant to the Master District Contract 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 the Participants' 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, including the Bonds. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid by such Participant 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 Contract provides 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 Contract. 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 Contract. See "THE BONDS—Source and Security of Payment" and "—Unconditional Obligation to Pay."

THE BONDS

Description

The Bonds will be dated November 1, 2026 and will accrue interest from the Date of Delivery with interest payable each June 1 and December 1, beginning June 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. 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. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds are issued in fully registered form, in denominations of $5,000 or any integral multiple of $5,000.

Method of Payment of Principal and Interest

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

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

Source and Security of Payment

The Bonds are special obligations solely of the Master District and are payable solely from and to the extent of certain contract payments received by the Master District from the Participants for the purpose of paying the debt service on the Bonds pursuant to the requirements of the Master District Contract and the Water/Sewer/Drainage Indenture. The Master District Contract provides that all Participants shall pay a pro rata share of debt service on any Water/Sewer/Drainage Contract Revenue Bonds issued by the Master District, including the Bonds, and Road Contract Revenue Bonds, based upon each Participant's Certified Appraised Valuation as a percentage of the Certified Appraised Valuation in all Participants. The debt service requirements may 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 Bond Resolutions or the Indentures. Each Participant is obligated to pay its pro rata share of the annual debt service on the Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, and Road Contract Revenue Bonds from the Contract Tax, an annual ad valorem tax, which is not limited as to rate or amount (separately the "Water/Sewer/Drainage Contract Tax" and the "Road Contract Tax" and collectively referred to as the "Contract Tax"), or from any other legally available funds of such Participant. Each Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a Contract Tax for the purpose of paying debt service on the Contract Revenue Bonds is the sole responsibility of each Participant. The Bonds are obligations of the Master District and are not obligations of the State of Texas, Harris County, the City of Houston, any of the Participants (except the District in its capacity as the Master District), or any entity other than the Master District. Contract Revenue Bonds, including the Bonds, are secured by the Indentures. Pursuant to the Indentures, the Master District has assigned to the Trustee all of the Master District's right, title and interest in and to the Contract Payments required by the Master District Contract. See "THE INDENTURE OF TRUST." No Participant is liable for the payments due by any other Participant; however, failure of any Participant to make its Contract Payments could result in an increase in the Contract Payments amount paid by each of the other Participants in a subsequent year or during the time that such Participant is delinquent. See "MASTER DISTRICT CONTRACT." The Master District shall calculate on or before September 1 of each year, or as soon thereafter as practical, the amount of Contract Payments due from each Participant in the following calendar year. The Contract Payments shall be billed to each Participant by the Master District on or before September 1, or as soon as practical, of the year prior to the year in which such Contract Payments become due, or as soon thereafter as practical. Such Contract Payments shall be due and payable from each Participant directly to the Trustee semiannually on or before March 1 and September 1 of each year.

Unconditional Obligation to Pay

All charges imposed by the Master District to pay debt service on the Bonds will be made by the Participants without set-off, counterclaim, abatement, suspension or diminution, nor will any Participant have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor will the obligations of the Participants be otherwise affected for any reason, including without limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities, failure of the Master District to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Master District Contract. All sums required to be paid by the Participants to the Master District for such purposes will continue to be payable in all events and the obligations of the Participants will continue unaffected, unless the requirement to pay is reduced or terminated pursuant to an express provision of the Master District Contract. If any Participant disputes the amount to be paid to the Master District, the Participant shall nonetheless promptly make payments as billed by the Master District, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all Participants so that the Participant will receive credit for its overpayments.

Funds

In the Water/Sewer Drainage Indenture, the Water/Sewer Drainage Contract Revenue Debt Service Fund and the Water/Sewer Drainage Contract Revenue Reserve Fund were created and in the Bond Resolution are confirmed, and the proceeds from Water/Sewer/Drainage Contract Payments collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such funds. See "INDENTURE OF TRUST."

The District will capitalize $2,180,000 of interest on the Bonds, which is the maximum amount approved by the TCEQ. In addition, the District will deposit $624,624 of Bond proceeds into the Water/Sewer Drainage Contract Revenue Reserve Fund to fully satisfy the Reserve Requirement associated with the Bonds. The remaining proceeds of the Bonds shall be deposited into the Water/Sewer Drainage Capital Projects Fund, to be used for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS" and for paying the costs of issuance of the Bonds.

The Water/Sewer Drainage Contract Revenue Debt Service Fund and Water/Sewer Drainage Contract Revenue Reserve Fund will not be pledged to the Road Contract Revenue Bonds nor will funds deposited into the Road Contract Revenue Debt Service Fund and Road Contract Revenue Reserve Fund (each as defined in the Road Indenture) be pledged to the Water/Sewer Drainage Contract Revenue Bonds, including the Bonds.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after December 1, 2033, prior to their scheduled maturities, in whole or from time-to-time in part, in integral multiples of $5,000 on December 1, 2032, or any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption 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).

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 within any one maturity 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 separate elections held on November 4, 2014, the voters of MUD 171 and MUD 457 approved the Master District Contract and the levy of a Contract Tax (defined herein) in support thereof; at an election held on May 9, 2015, the voters of MUD 458 approved the Master District Contract and the levy of a Contract Tax in support thereof; at an election held on November 3, 2020, the voters of MUD 534 approved the Master District Contract and the levy of a Contract Tax in support thereof; at an election on May 7, 2022 the voters of MUD 532 approved the Master District Contract and the levy of a Contract Tax in support thereof; and at an election on May 6, 2023, the voters of MUD 533 approved the Master District Contract and the levy of a Contract Tax in support thereof. The Master District Contract authorizes the Master District to issue up to $680,320,000 principal amount of Water/Sewer/Drainage Contract Revenue Bonds for acquiring and constructing of Master District Water, Sewer and Drainage Facilities and for refunding such bonds. The Master District Contract also authorizes the Master District to issue other contract revenue bonds for other purposes. See "—Issuance of Additional Debt" herein and "MASTER DISTRICT CONTRACT."

The Bonds are issued by the District pursuant to the terms and provisions of the Master District Contract, the terms and conditions of the Bond Resolution and the Water/Sewer/Drainage Indenture, Article XVI, Section 59 of the Texas Constitution, Chapter 49 and Chapter 54 of the Texas Water Code, as amended, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas and an order of the TCEQ.

Before the Bonds can be delivered, the Attorney General of Texas must pass upon the legality of certain 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.

No Arbitrage

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

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. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferable. See "BOOK-ENTRY-ONLY SYSTEM."

In the event the Book-Entry-Only System should be discontinued, Bonds 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 therefore, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented. All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Resolution and the Road Indenture 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 the 15th calendar day of the month next preceding an Interest Payment Date and ending on 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. The provisions of this paragraph are subject to the Book-Entry-Only System.

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 therefore a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The voters of the Participants have approved the Master District Contract, which contract authorizes the Master District to issue Water/Sewer/Drainage Contract Revenue Bonds in an amount not to exceed $680,320,000 in principal amount for the purpose of constructing and acquiring all Master District Water/Sewer/Drainage Facilities and refunding of such bonds; and authorizes the Master District to issue Road Contract Revenue Bonds in an amount not to exceed $98,910,000 in principal amount for the purpose of constructing and acquiring all Master District Road Facilities and refunding of such bonds. Pursuant to the Master District Contract, approval by each Participant and approval by the voters at an election held by each Participant is required prior to any amendment to the Master District Contract that would increase such $680,320,000 authorized amount, and/or such $98,910,000 authorized amount. By execution of the Master District Contract between the Master District and each Participant, each Participant (including the District in its capacity as a Participant) is obligated to pay a pro rata share of debt service on the Water/Sewer/Drainage Contract Revenue Bonds issued by the Master District, which will be payable from the Water/Sewer/Drainage Contract Tax, and a pro rata share of the debt service of the Road Contract Revenue Bonds, which will be payable from the Road Contract Tax or, in each case, other legally available funds. After the issuance of the Bonds, the Master District will have $436,925,000 principal amount of Water/Sewer/Drainage Contract Revenue Bonds authorized but unissued, and $73,030,000 principal amount of Road Contract Revenue Bonds will remain authorized but unissued. The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose.

The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. Pursuant to the Master District Contract, the Master District shall not issue Contract Revenue Bonds for parks and recreational facilities, unless and until said Master District Contracts are amended and approved by the voters of the districts in the Service Area in accordance with the terms of the Master District Contracts. The Master District may require Participants to remit Park Construction Charges for the Master District Park Facilities (defined below).

The Master District Contract (except as described above), the Indentures, and the Bond Resolution impose no limitation on the amount of Contract Revenue Bonds the Master District may issue payable from the Contract Tax. The District (in its capacity as a Participant) and each other Participant may issue unlimited tax bonds for water, wastewater, drainage, road, and park and recreational purposes, with the approval of the TCEQ (if required), necessary to provide and maintain improvements and facilities to serve land within their respective boundaries consistent with the purposes for which the District or such other Participant was created. TCEQ approval is not currently required for the District or any Participants to issue bonds for road facilities. See "MASTER DISTRICT CONTRACT," "THE INDENTURE OF TRUST," "THE PARTICIPANTS" and "INVESTMENT CONSIDERATIONS—Future Debt."

Financing Parks and Recreational Facilities

Pursuant to the Master District Contract, the Master District owns or will own, construct and/or acquire certain parks and recreational facilities for the benefit of all the Participants (the "Master District Park Facilities"). The Master District intends to finance the capital costs of the Master District Park Facilities from payments made by each Participant of its pro rata share of the Master District's estimated capital costs of the Master District Park Facilities (the "Park Construction Charges"). The Park Construction Charges will be computed from time-to-time on the basis of the then estimated total capital costs of providing the Master District Park Facilities for the Service Area minus the payments which have been previously received from the Participants as Park Construction Charges and dividing the result by the number of projected total connections to be constructed within the Service Area.

All Park Construction Charges received by the Master District shall be deposited into a separate fund to be held in trust for the benefit of the Participants (the "Park Construction Fund") and shall be used solely for the purpose of paying the capital costs of the Master District Park Facilities pursuant to the Master District Contract. Park Construction Charges are not pledged for and are not available to be used to: (i) pay debt service on the Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, or the Road Contract Revenue Bonds; or (ii) fund or maintain the Water/Sewer/Drainage Contract Revenue Reserve Fund or the Road Contract Revenue Reserve Fund.

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City of Houston cannot annex territory within the District unless it annexes the entire District; 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 fifty-percent (50%) of the land in the area, a petition has been signed by more than fifty-percent (50%) of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City of Houston and the District specifying the procedures for full purpose annexation of all or a portion of the District.

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

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (including cash) and liabilities (including 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

Remedies available to Registered Owners of Bonds in the event of a default by the Master District in one or more of its obligations under the Bond Resolution are limited and generally must be exercised by the Trustee. The Registered Owners, acting through the Trustee except as otherwise set forth in the Road Indenture, may obtain a writ of mandamus requiring performance of the Master District's obligations, but such remedy must be exercised upon each default and may prove time-consuming, costly and difficult to enforce. The Bond Resolution does not provide for acceleration of maturity of the Bonds, or any other additional remedy in the event of a default by the Master District and consequently, the remedy of mandamus may have to be relied upon from year-to-year. The Bonds are not secured by an interest in the Master District Facilities or any other property of the Master District. No judgment against the Master District is enforceable by execution of a levy against the Master District's public purpose property. Further, the Registered Owners themselves cannot foreclose on property within the Master District or the Service Area or sell property within the Master District or the Service Area in order to pay the principal of and interest on the Bonds. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitation to Registered Owners' Rights" and "THE INDENTURE OF TRUST."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

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 (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 so do 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 are 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 Bonds 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, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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 from S&P Global Ratings of "AA+." 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter take any responsibility for the accuracy thereof.

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 by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of certain agreed-upon procedures by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used.

CONSTRUCTION COSTS		
• Harris MUD 171 Elyson Phase 6 Overflow Mitigation & Detention Basins	$	7,639,100
• Harris MUD 171 Water Plant No. 2		893,395
• Harris MUD 534 Elyson Section Forty-Five		1,917,915
• Harris MUD 534 Elyson Boulevard Street Dedication Section 3		990,827
• Harris MUD 171 Water Plant No. 1 Phase 3		2,648,400
• Harris MUD 171 Water Well No. 11		5,061,720
• Land Acquisition		3,151,916
• Engineering, Geotech & Storm Water Solutions		1,941,710
Total Construction Costs	**$**	**24,244,983**
NON-CONSTRUCTION COSTS		
• Capitalized Interest (a)	$	2,180,000
• Debt Service Reserve Fund (b)		624,624
• Developer Interest (Estimated)		3,171,045
• Underwriter's Discount (a)		981,000
Total Non-Construction Costs	**$**	**6,956,669**
ISSUANCE COSTS AND FEES		
• Professional Fees and Other Issuance Costs	$	1,116,722
• Engineering Report Fees		105,000
• State Regulatory Fees		91,250
• Contingency (b)		185,376
Total Issuance Costs and Fees	**$**	**1,498,348**
TOTAL BOND ISSUE	**$**	**32,700,000**

(a) The TCEQ approved a maximum of $2,180,000 of capitalized interest and a maximum amount of Underwriter's Discount of 3.00%.

(b) A reserve requirement for the Water/Sewer/Drainage Contract Revenue Reserve Fund has been established in the Bond Resolution to be a sum of money equal to one-half of the maximum annual debt service requirements on the Outstanding Water/Sewer/Drainage Bonds, including the Bonds, which is $8,828,449. Based on the Water/Sewer/Drainage Contract Revenue Reserve Fund Balance as of September 14, 2026 of $8,203,825, an amount equal to the amount required to satisfy the Reserve Requirement associated with the issuance of the Bonds ($624,624) will be funded with Bond proceeds and deposited in the Water/Sewer/Drainage Contract Revenue Reserve Fund. Contingency represents the difference in the estimated and actual amount of the debt service reserve fund deposit. See "MASTER DISTRICT CONTRACT" and "INDENTURE OF TRUST."

THE INDENTURE OF TRUST

The Water/Sewer/Drainage Contract Revenue Bonds are secured by an Indenture of Trust dated November 1, 2018 (defined as the "Indenture" or the "Water/Sewer/Drainage Indenture") between the Master District and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as Trustee. Pursuant to the Water/Sewer/Drainage Indenture, the Master District has assigned to the Trustee all of the Master District's right, title and interest in and to the Water/Sewer/Drainage Contract Payments under the Master District Contract. Such Water/Sewer/Drainage Contract Payments, together with all amounts from time to time on deposit in the Water/Sewer/Drainage Contract Revenue Debt Service Fund and Water/Sewer/Drainage Contract Revenue Reserve Fund maintained by the Trustee pursuant to the Water/Sewer/Drainage Indenture, together with any other property from time to time hereafter conveyed or granted to the Trustee as additional security under the Water/Sewer/Drainage Indenture, shall constitute the "Water/Sewer/Drainage Pledged Revenues" held by the Trustee under the Water/Sewer/Drainage Indenture. Pursuant to the Water/Sewer/Drainage Indenture, the Trustee is to maintain the Water/Sewer/Drainage Contract Revenue Debt Service Fund and Water/Sewer/Drainage Contract Revenue Reserve Fund as trust funds to be held in trust solely for the benefit of the Registered Owners of the Water/Sewer/Drainage Contract Revenue Bonds.

The Master District has covenanted in the Water/Sewer/Drainage Indenture that it will cause to be charged to each Participant, for deposit into the Water/Sewer/Drainage Contract Revenue Debt Service Fund, Water/Sewer/Drainage Contract Payments in amounts sufficient, together with other Water/Sewer/Drainage Pledged Revenues, to provide for the timely payment of all principal and interest due on the Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds. Subject to the provisions of applicable law and the Master District Contract, the Master District has covenanted in the Water/Sewer/Drainage Indenture to use its best efforts to cause to be paid by each Participant all Water/Sewer/Drainage Contract Payments when due directly to the Trustee. The Water/Sewer/Drainage Contract Revenue Debt Service Fund and the Water/Sewer/Drainage Contract Revenue Reserve Fund are to be invested only in investments authorized by the laws of the State of Texas but must be invested in a manner such that the money required to be expended from any fund will be available at the proper time or times. Amounts in the Water/Sewer/Drainage Contract Revenue Reserve Fund shall be used to pay interest on and principal of the Bonds when insufficient funds are available for such purpose in the Water/Sewer/Drainage Contract Revenue Debt Service Fund or shall be applied toward the payment of principal of or interest on the Water/Sewer/Drainage Contract Revenue Bonds in connection with a refunding or redemption. The Water/Sewer/Drainage Contract Revenue Reserve Requirement has been established in the Bond Resolution to be, with respect to the Water/Sewer/Drainage Contract Revenue Bonds, a sum of money equal to one-half of the maximum annual debt service requirements on the Water/Sewer/Drainage Contract Revenue Bonds then outstanding. Any funds in excess of the Water/Sewer/Drainage Contract Revenue Reserve Requirement held in the Water/Sewer/Drainage Contract Revenue Reserve Fund may be deposited into the Water/Sewer/Drainage Contract Revenue Debt Service Fund, as directed by the Master District's Board of Directors.

Events of Default

The Water/Sewer/Drainage Indenture provides that an Event of Default shall be either of the following occurrences:

(a) Failure to pay when due the principal, redemption price or interest on any Water/Sewer/Drainage Contract Revenue Bond; or

(b) Failure to deposit into the applicable Water/Sewer/Drainage Contract Revenue Debt Service Fund money sufficient to pay any principal of or interest on any Water/Sewer/Drainage Contract Revenue Bond no later than the date when it becomes due and payable.

Remedies

The Water/Sewer/Drainage Indenture provides that if an event of default by the Master District exists, then, in addition to other rights and remedies, the Trustee, subject to the provisions of the Water/Sewer/Drainage Indenture, may proceed to protect and enforce its rights and the rights of the Registered Owners by suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Water/Sewer/Drainage Indenture, the Bond Resolution or the Water/Sewer/Drainage Contract Revenue Bonds or in aid of the execution of any power granted in the Water/Sewer/Drainage Indenture or for the enforcement of any other legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Registered Owners, including, without limitation, the right to seek a writ of mandamus issued by a court of competent jurisdiction compelling the board of directors or other officers of the Master District or any Participant to make any Water/Sewer/Drainage Contract Payment (but only from and to the extent of the sources provided in the Water/Sewer/Drainage Indenture and the Master District Contract) or to observe and perform the covenants, obligations or conditions of the Water/Sewer/Drainage Indenture or the Master District Contract relating to the Water/Sewer/Drainage Contract Revenue Bonds. The Water/Sewer/Drainage Indenture provides that the Trustee may seek the appointment of receivers, may act without possession of the Water/Sewer/Drainage Contract Revenue Bonds, may act as attorney in fact for the Registered Owners of the Water/Sewer/Drainage Contract Revenue Bonds, that no remedy is exclusive and that the delay or omission in the exercise of any right or remedy shall not constitute a waiver. The Water/Sewer/Drainage Indenture does not provide for any acceleration of maturity of the Water/Sewer/Drainage Contract Revenue Bonds or provide for the foreclosure upon any property or assets of the Master District, other than applying the Water/Sewer/Drainage Pledged Revenues in the manner provided in the Water/Sewer/Drainage Indenture.

Limitation on Action by Owners

The Water/Sewer/Drainage Indenture imposes certain limitations on Registered Owners of Water/Sewer/Drainage Contract Revenue Bonds to institute suits, actions or proceedings at law or in equity for the appointment of a receiver or other remedy unless and until the Trustee shall have received the written request of the Registered Owners of not less than 25% of all Water/Sewer/Drainage Contract Revenue Bonds then outstanding and the Trustee shall have refused or neglected to institute such suit, action or proceeding for a period of 10 days after having been furnished reasonable indemnity. Notwithstanding the foregoing, Registered Owners of more than 50% of the aggregate principal amount of the Water/Sewer/Drainage Contract Revenue Bonds then outstanding shall have the right, by written instrument delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Water/Sewer/Drainage Indenture or for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee or any other proceedings under the Water/Sewer/Drainage Indenture; provided, however, that such direction shall not be contrary to law or the provisions of the Water/Sewer/Drainage Indenture, and the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability or would be unjustly prejudicial to the Registered Owners of the Water/Sewer/Drainage Contract Revenue Bonds not consenting.

Amendments to the Indenture of Trust

Without the consent of the Registered Owners of any of the Water/Sewer/Drainage Contract Revenue Bonds, the Master District and the Trustee may from time to time enter into one or more indentures supplemental to the Water/Sewer/Drainage Indenture, which shall form a part of the Water/Sewer/Drainage Indenture, for any one or more of the following purposes:

(1) to cure any ambiguity, inconsistency or defect or omission in the Water/Sewer/Drainage Indenture, or any supplemental indenture, so long as said cure is not inconsistent with the Water/Sewer/Drainage Indenture and does not adversely affect the interest of the owners of any outstanding Water/Sewer/Drainage Contract Revenue Bonds;

(2) to grant to or confer upon the Trustee for the benefit of the Registered Owners of the Water/Sewer/Drainage Contract Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners of the Water/Sewer/Drainage Contract Revenue Bonds or the Trustee or either of them;

(3) to subject to the lien of the Water/Sewer/Drainage Indenture additional revenues, properties or collateral;

(4) to modify, amend or supplement the Water/Sewer/Drainage Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Water/Sewer/Drainage Contract Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;

(5) to obtain or provide for bond insurance for the Water/Sewer/Drainage Contract Revenue Bonds; provided, however, the Master District (at its option) may obtain or provide for bond insurance for any Water/Sewer/Drainage Contract Revenue Bonds through Bond Resolution(s) without the need for a supplemental indenture;

(6) to add to any statutory terms and conditions imposed by the City of Houston (or other entity that may become the legal successor to the Master District) in connection with the assumption of the Master District's obligations under the Water/Sewer/Drainage Indenture;

(7) to create (or provide for the terms and conditions of) additional funds and accounts or sub-accounts within any funds established by the Water/Sewer/Drainage Indenture or the Bond Resolutions; provided, however, the Master District (at its option) may do any of same without the need for a supplemental indenture;

(8) to change or expand the purposes for which bonds can be issued under the Water/Sewer/Drainage Indenture, including (without limitation) allowing, to the extent allowed by law for the issuance of the Master District Bonds that are contract revenue bonds in parity with the Water/Sewer/Drainage Contract Revenue Bonds and that are equally secured by the same lien and revenues pledged in the Water/Sewer/Drainage Indenture;

(9) to modify any provision of the Water/Sewer/Drainage Indenture or any supplemental indenture in any respect whatsoever, provided that such action shall not adversely affect the interests of the owners of any outstanding Water/Sewer/Drainage Contract Revenue Bonds; and

(10) to obtain or provide for one or more debt service reserve fund surety policies to satisfy some or all of the Water/Sewer/Drainage Contract Revenue Reserve Requirement.

Except as provided in the preceding paragraph, any modification, change or amendment of the Water/Sewer/Drainage Indenture may be made only by a supplemental indenture adopted and executed by the Master District and the Trustee with the consent of the Registered Owners of not less than a majority of the aggregate principal amount of the Water/Sewer/Drainage Contract Revenue Bonds then outstanding. However, without the consent of the Registered Owner of each outstanding Water/Sewer/Drainage Contract Revenue Bond, no modification, change or amendment to this Water/Sewer/Drainage Indenture shall:

(1) extend the time of payment of the principal thereof or interest thereon, or reduce the principal amount thereof or premium if any, thereon, or the rate of interest thereon, or make the principal thereof or premium if any, or interest thereon payable in any coin or currency other than 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, or deprive such Registered Owner of the lien imposed by the Water/Sewer/Drainage Indenture on the revenues pledged in the Water/Sewer/Drainage Indenture; or

(2) modify, change or amend the Water/Sewer/Drainage Indenture to permit the creation of any lien on the revenues pledged in the Water/Sewer/Drainage Indenture equal or prior to the lien imposed by the Water/Sewer/Drainage Indenture.

Road Contract Revenue Bonds

The Master District has issued Road Contract Revenue Bonds under a separate indenture of trust dated November 1, 2017 (the "Road Indenture"), by and between the Master District and The Bank of New York Mellon Trust Company, N.A., for purposes of issuing Road Contract Revenue Bonds. The Road Indenture and the Water/Sewer/Drainage Indenture are collectively referred to as the "Indentures." The lien and revenues pledged by the Road Indenture do not include any payments to be made to the Master District by the Participants: (i) pursuant to a Water/Sewer/Drainage Indenture; or (ii) to pay for any Water/Sewer/Drainage Contract Revenue Bonds (or Master District Water, Sewer and Drainage Facilities).

Removal or Resignation of Trustee

The Trustee may be removed with thirty (30) days' prior notice by an instrument or concurrent instruments in writing, signed by the Registered Owners of a majority in principal amount of the Water/Sewer/Drainage Contract Revenue Bonds then outstanding and delivered to the Trustee, with notice thereof given to the Master District. The Trustee may at any time resign and be discharged from the trusts created by giving written notice to the Master District and by providing written notice to the Registered Owners of its intended resignation at least sixty (60) days in advance thereof. Such notice shall specify the date on which such resignation shall take effect and shall be sent by first class mail, postage prepaid to each Registered Owner of Water/Sewer/Drainage Contract Revenue Bonds. Resignation by the Trustee shall not take effect unless and until a successor to such Trustee shall have been appointed as hereinafter provided.

Appointment of Successor Trustee

In case the Trustee shall resign, or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall otherwise become incapable of acting under the Water/Sewer/Drainage Indenture, or in case the Trustee shall be taken under control of any public officer or officers or a receiver appointed by a court, a successor may be appointed by the Registered Owners of a majority in principal amount of the Water/Sewer/Drainage Contract Revenue Bonds then outstanding, by an instrument or concurrent instruments in writing, signed by such Registered Owners or their duly authorized representatives and delivered to the Trustee, with notice thereof given to the Master District; provided, however, that in any of the events above mentioned, the Master District may nevertheless appoint a temporary Trustee to fill such vacancy until a successor shall be appointed by the Registered Owners in the manner above provided, and any such temporary Trustee so appointed by the Master District shall immediately and without further act be automatically succeeded by the successor to the Trustee appointed by the Registered Owners. The Master District shall provide written notice to the Registered Owners of the appointment of any successor Trustee, whether temporary or permanent, in the manner provided for providing notice of the resignation of the Trustee as described above under "-Removal or Resignation of Trustee." Any successor Trustee or temporary Trustee shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Texas duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than $100,000,000. In the event that no appointment of a successor Trustee is made by the Registered Owners or by the Master District pursuant to the foregoing provisions of this Section at the time a vacancy in the office of the Trustee shall have occurred, the Registered Owner of any Water/Sewer/Drainage Contract Revenue Bond issued hereunder or the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee.

THE PARTICIPANTS

Creation, Authority and Description

All Participants (including the District in its capacity as a Participant) operate as municipal utility districts pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and are located within the Elyson Service Area. To serve the property within their boundaries, they have the power to construct, acquire, operate, maintain and finance water, wastewater and drainage, park and recreational facilities and roads. The Participants were created by orders of the Texas Water Commission (a predecessor to the TCEQ), the TCEQ, or by the Texas legislature, and each was granted special road powers by the Texas Legislature. The Participants are empowered to exercise all the powers and functions which will permit accomplishment of the purposes for which they were created. Each Participant may also establish, operate, and maintain a fire department or contract for firefighting services, if the TCEQ and its voters approve a plan for that purpose.

Authorized Bonds

The Participants, including the District in its capacity as a Participant, have the statutory authority and have each voted to authorize the issuance of unlimited tax bonds for the purposes of providing internal water distribution, wastewater collection, storm drainage facilities, internal roads within their respective boundaries (separate and apart from the Master District Facilities), and parks and recreational facilities. Such bonds are secured by a continuing annual ad valorem tax adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to the Contract Tax. See "—Contract Tax" below and "APPENDIX A" for a description of the voter authorized bonds, principal amount of bonds issued and principal amount of bonds outstanding, if any, for each Participant.

Operations

Each Participant will be responsible for constructing the internal water distribution system, wastewater collection system, and storm sewers, within such Participants' boundaries. Pursuant to the Master District Contract, each Participant obtains potable water and sewer services from the Master District. Each Participant sets its own retail rates for water and sewer service, and is required by the Master District Contract to do so at a level which will produce sufficient revenue to pay operating and maintenance charges of the Master District, to pay other costs of operating and maintaining its own utility system.

Contract Tax

Each Participant's pro rata share of the debt service requirements on the Contract Revenue Bonds shall be determined by dividing each Participant's Certified Appraised Valuation by the total of all Participants' Certified Appraised Valuation, calculated annually. Calculation of Contract Payments is based upon "gross" certified appraised value and does not make allowances for any exemptions granted by the Participants; however, allowances are made for exemptions provided under Texas law that do not require action by the Participants. See "TAXING PROCEDURES." 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 annual Contract Tax without legal limit as to rate or amount, or from any other legally available funds. The Contract Tax consists of the Water/Sewer/Drainage Contract Tax and the Road Contract Tax. The Master District does not expect that revenues from the Participants' 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. See "MASTER DISTRICT CONTRACT," "THE BONDS—Source and Security of Payment," "TAX DATA" and "APPENDIX A."

Direct Debt Service Tax

The Participants, including the District in its capacity as a Participant, have the statutory authority to levy and collect a continuing direct annual ad valorem tax unlimited in amount to pay principal and interest on bonds issued to provide internal water distribution, wastewater collection and storm drainage, internal roads, and parks and recreational facilities. Such tax is in addition to the Contract Tax. See "TAX DATA" and "APPENDIX A."

Maintenance and Operations Taxes

The Participants, including the District in its capacity as a Participant, have the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of internal water distribution, wastewater collection, storm drainage facilities, parks and recreational facilities and road facilities. A maintenance tax is in addition to taxes which the Participant is authorized to levy for paying principal of and interest on its unlimited tax bonds and the Contract Tax. See "TAX DATA" and "APPENDIX A."

Annexation

Under existing Texas law, since the District and each of the other Participants lie wholly within the extraterritorial jurisdiction of the City of Houston, each Participant must conform to a City of Houston consent ordinance. In addition, any Participant may be annexed by the City of Houston without the Participant's consent; however, under Texas law, the City of Houston cannot annex territory within a district unless it annexes the entire district. however, the City of Houston may not annex the Participant 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 Participant specifying the procedures for full purpose annexation of all or a portion of the Participant.

If a Participant is annexed, the City of Houston will assume the Participant's assets and obligations (including the Participant's obligation to make contract payments) and dissolve the Participant within ninety (90) days. 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 or any Participant 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. See "THE BONDS—Annexation by the City of Houston."

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 a district 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.

Management

Each Participant is governed by a board of directors, consisting of five (5) members, which has control and management of all affairs of such Participant. A directors election may be held within the boundaries of each Participant on the first Saturday in May in even-numbered years. Directors are elected to serve four-year staggered terms. All such directors reside or own property within the Participant on whose board they serve. None of the Participants has any employees. Each Participant contracts for all services required to maintain its operations. The TCEQ exercises continuing supervisory jurisdiction over each Participant, and operation of each Participant's water, wastewater and storm drainage facilities is subject to regulation by several other state and local agencies.

Financial Data

See "APPENDIX A" for financial information for each Participant.

Future Participants

The Service Area may only be enlarged upon the approval of the Master District, in which case the Master District would have the right to contract with other participants for the expanded service area. Any contract with a participant outside the existing Service Area and any enlargements in size and capacity of the Master District Facilities is subject to the terms and conditions of the Master District Contract and must not impair the right of the existing Participants to receive services from the Master District, which are established under the Master District Contract for the number of connections reserved to the Participant, except with the consent of the Participant. The Master District agrees that it will only contract with other participants, if any, on substantially the same terms and conditions as are set out in the Master District Contract.

ELYSON

The District (in its capacity as a provider of internal water, wastewater and storm drainage facilities) is one of six municipal utility districts, located within the approximately 3,599 acres and referred to herein as the Service Area. The master-planned community of Elyson is planned to encompass all such acres at full development. All of the residential development is currently occurring in the District, MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534 and commercial/multi-family development has or is currently occurring in the District, MUD 457, MUD 458 and MUD 532. See "THE DISTRICT AND SERVICE AREA."

Recreational amenities within the Service Area for all residents in the Service Area have been constructed on approximately 26 acres and 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 3,600 square foot recreation center which includes two pools, a fitness center and a space for special events and other activities located in MUD 534. Parks and open space within the Service Area are or are planned to be connected by a master trail system.

THE DISTRICT AND SERVICE AREA

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 regional water, wastewater, storm sewer, park, road and other facilities and internal water, wastewater, storm sewer, park and recreational and road facilities within its boundaries. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities, subject to the Master District Contract. The District is also empowered to establish, 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 TCEQ exercises continuing supervisory jurisdiction over the Participants. In order to obtain the consent for creation of the Participants from the City of Houston, within whose extraterritorial jurisdiction the Participants lie, each Participant is required to observe certain requirements of the City of Houston which (1) limit the purposes for which the Participants may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, park and road facilities, (2) require approval by the City of Houston of Participant 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 Master District Facilities is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

Description and Location

The District encompasses approximately 399 acres of land, and, in its capacity as Master District, has a Service Area of approximately 3,599 acres, including the acreage within the District's boundaries. The Service Area is located approximately 35 miles west of the central downtown business district of the City of Houston. The District is located within Harris County. The Service Area lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and a portion of the Service Area lies within the boundaries of the Katy Independent School District and a portion of the Service Area lies within the Cypress-Fairbanks Independent School District. Access to the Service Area is currently provided by the Grand Parkway (Texas State Highway 99). Other thoroughfares to the community include Peek Road, Porter Road, and Beckendorff Road with the main entrance to Elyson on Farm-to-Market 529. See "AERIAL LOCATION MAP."

Land Use

The Service Area currently includes approximately 1,504 acres of single-family residential development (4,780 single-family residential lots), approximately 18 acres of single-family rental development (170 residences), approximately 362 acres served with trunk facilities for commercial development, approximately 53 acres for school sites, approximately 1,423 undevelopable acres (greenbelts, public rights-of-way, easements and drainage and utility sites), approximately 26 acres of amenities and recreational acreage, and approximately 213 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities. The table below represents a detailed breakdown of the current acreage and development in the Service Area.

Single-Family Residential	Approximate Acreage	Lots/ Units
MUD 457…	623	1,971
MUD 458…	30	145
MUD 532(a)…	330	946
MUD 533 (b)…	93	191
MUD 534…	428	1,527
Total Single-Family Residential	1,504	4,780
Single-Family Rental (c)…	18	170
Future Development…	213	-
Commercial (d)…	362	-
School Sites (Tax Exempt)…	53	-
Recreation/Open Space…	26	-
Non-Developable (e)…	1,423	-
Elyson Total	3,599	4,950

(a) Includes approximately 82 lots on approximately 20 acres currently under utility construction with expected completion in the fourth quarter of 2026.
(b) Includes approximately 150 lots on approximately 78 acres currently under utility construction with expected completion in the first quarter of 2027.
(c) See "—Status of Development—*Single-Family Rental*" below.
(d) See "—Status of Development—*Commercial/Non-Residential*" herein.
(e) Includes greenbelts, public rights-of-way, easements and drainage and utility sites.

Status of Development

Single-Family Residential: The traditional single-family residential development within the Service Area consists of 1,971 single-family residential lots on approximately 623 acres in MUD 457, 145 single-family residential lots on approximately 30 acres in MUD 458, 864 single-family residential lots on approximately 310 acres in MUD 532, 41 single-family residential lots on approximately 15 acres in MUD 533 and 1,527 single-family residential lots on approximately 428 acres in MUD 534. According to Brookfield, new homes within the Service Area range in price from approximately $350,000 to over $1,000,000. There are an additional 82 single-family residential lots under construction on approximately 20 acres in MUD 532 with completion expected in the fourth quarter of 2026 and an additional 150 single-family residential lots under construction on approximately 78 acres in MUD 533 with completion expected in the first quarter of 2027.

Single-Family Rental: A single-family rental community owned and leased by Brookfield has been developed on approximately 18 acres in the Service Area (approximately 16 acres in MUD 458 and approximately 2 acres in the District). There are a 122 rental home lots and 13 duplex lots (26 residential units) in MUD 458 and 14 home lots and 4 duplex lots (8 residential units) in the District.

As of September 30, 2026, 3,816 homes were complete in the Service Area (3,776 occupied), 324 homes were under construction or continue to be owned by a builder and 578 developed lots were available for home construction. Such numbers include the traditional single-family residential development and the single-family rental development. The estimated population in the Service Area based upon 3.5 persons per occupied single-family residence is 13,216.

Commercial/Non-Residential: Approximately 362 acres have been served with trunk facilities for commercial development in the Service Area, of which approximately 114 acres are located within the District, approximately 42 acres are located within MUD 457, approximately 195 acres are located within MUD 458, and approximately 8 acres are located within MUD 534. A Timewise gas station on approximately three acres within MUD 532 is provided utility services by the District. Approximately 114 acres of land within the District have been provided with trunk utilities related to water, sewer and drainage facilities. 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. A child day care center; a gas service station/convenience store; three shopping centers, each including casual dining restaurants, personal care services and retail shops; and a prep school have been constructed in MUD 457. Commercial development within MUD 458 includes an approximately 838,500 square-foot Builders FirstSource distribution center constructed on approximately 37 acres and a Southeastern Freight Lines truck terminal, service center and offices constructed on approximately 27 acres. Approximately 131 acres in MUD 458 are served with trunk utilities but do not yet have vertical improvements.

A Harmony Charter School has been constructed on approximately 26 acres in MUD 458 and an elementary school has been constructed on approximately 13 acres in MUD 457. An elementary school has been constructed on approximately 14 acres in MUD 534. The school sites are exempt from ad valorem taxation.

Future Development

Approximately 213 developable acres of land currently within the Service Area are not yet fully served with water distribution and supply, wastewater collection and treatment, storm drainage facilities or roads. See "INVESTMENT CONSIDERATIONS—Future Debt." 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 $509,955,000 should be sufficient to finance the construction of facilities to complete the Service Area's water, sewer, drainage, roads and recreation system for full development of the Service Area.

THE DEVELOPERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility district such as the District and the other districts in the Service Area 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 roads 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.

Neither the Developers nor any of their affiliates are obligated to pay principal of or interest on the Bonds. Furthermore, the Developers do not have a binding commitment to the District to carry out any plan of development and the Developers may sell or otherwise dispose of its property within the Service Area, or any other assets, at any time, and the furnishing of information relating to the proposed development by the Developers should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the Service Area in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the Service Area. See "INVESTMENT CONSIDERATIONS."

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

NASH FM 529, LLC

NASH FM 529 is the principal developer of the Service Area and was created for the sole purpose of acquiring and developing Elyson, including the District and its only substantial asset consists of land in Elyson. See "THE DEVELOPERS." 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 is a global developer and operator of high-quality real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics.

PPE GCW, LP

PPE is the developer of approximately 149 acres of land in MUD 458, all of which is served with utilities where an approximately 838,500 square-foot Builders FirstSource distribution center has been constructed on approximately 37 of such acres. Builders FirstSource leases such facilities from GCW BFS SPV, LLC and is responsible for all tax payments on such land and building. In addition, Southeastern Freight Lines has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage. PPE continues to own approximately 85 acres of vacant developable land within MUD 458.

PPE is a single purpose entity formed for the sole purpose of developing land within MUD 458. PPE is a thinly capitalized entity whose assets consist primarily of the land it has developed and is currently developing in MUD 458 and the receivables due from MUD 458 for development costs.

Obligations of the Developers

NASH FM 529, Brookfield and PPE are collectively referred to herein as the "Developers." The Developers are not legally obligated to provide funds for the development of the District or the Service Area. Further, neither the Developers nor an affiliated company is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developers nor any affiliated companies have any legal commitment to the District or to owners of the Bonds to continue development of the land within the Service Area and the Developers may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial conditions of the Developers are subject to change at any time.

Homebuilding

Westin Homes, Perry Homes, Chesmar Homes, Newmark Homes, Highland Homes, Brookfield Residential and Beazer Homes are building homes in the Service Area. Homebuilders in the Service Area contract directly with Brookfield and have no obligation to or agreement with the District to construct any homes or other improvements in the Service Area.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by a Board of Directors consisting of five (5) directors which has control over and management supervision of all affairs of the District, including responsibilities related to the Master District in its capacity as a Participant. Directors are elected to four-year terms and elections may be held in May in even numbered years only. None of the members of the Board resides in the District; however, all of the members own land within the District, subject to a note and deed of trust in favor of certain of the Developers. Directors have staggered four-year terms. The current members of the Board along with their titles and terms are listed as follows:

Name	Board Title	Term
Duane Heckmann	President	May 2030
Mark Yentzen	Vice President	May 2030
Caleb Burson	Secretary	May 2028
Marilyn Roberts	Asst. Vice President/ Asst. Secretary	May 2030
Todd Hamilton	Asst. Secretary	May 2028

District Consultants

The Master 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 Master District has engaged Allen Boone Humphries Robinson LLP as general counsel to the Master District and as Bond Counsel in connection with the issuance of the Master District's bonds. The legal fees to be 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.

Financial Advisor: Masterson Advisors LLC, serves as the Master 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.

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

Engineer: The Master District's consulting engineer is BGE, Inc. (the "Engineer").

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

Tax Assessor/Collector: The Master District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Service, LLC (the "Tax Assessor/Collector") has been employed by the Master District to serve in this capacity.

Bookkeeper: The Master 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 (the "Operator"), which also serves as the operator of the Master District Water/Sewer/Drainage Facilities.

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 necessary to serve the Service Area, has constructed or will construct major arterial, collector and thoroughfare roads necessary to serve the Service Area (the "Master District Road Facilities"), which include but are not limited to Farm-to-Market 529, Beckendorff Road, Peek Road and Porter Road. The major thoroughfare and collectors consist of stabilized curb and gutter 8-inch concrete pavement and include 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 right-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 right-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 will be constructed by the Participants.

THE SYSTEM

Regulation

Construction and operation of the Master District Water/Sewer/Drainage Facilities as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District, in its capacity as the Master District and in its capacity as a provider of internal utility services. 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 Flood Control District. Harris County and the City of Houston also exercise regulatory jurisdiction over the Master District Facilities.

According to the Engineer, the Master District Facilities that will be financed with proceeds of Contract Revenue Bonds 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 Master District 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 Master District Facilities.

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. According to the Operator, as of September 30, 2026, the Participants have 4,140 active connections (including 3,776 active 0single-family residential connections, 40 vacant single-family residential connections and 324 homes under construction or in a builder's name). Such numbers include the traditional single-family residential development and the single-family rental development. 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 equivalent single-family connections. According to the Operator, as of September 30, 2026, the Participants have 4,140 active connections (including 3,776 active single-family residential connections, 40 vacant single-family residential connections and 324 homes under construction or in a builder's name). Such numbers include the traditional single-family residential development and the single-family rental development.

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 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, Storm Drainage Facilities and Road Facilities

Internal water distribution, wastewater collection and storm drainage facilities have been constructed by the Developers on behalf of the District to serve 22 single-family rental home lots and approximately 114 acres of commercial tracts, on behalf of MUD 457 to serve 1,971 single-family residential lots and approximately 42 acres of commercial tracts, on behalf MUD 458 to serve 145 single-family residential lots, 122 rental home lots and 13 duplex lots (26 residential units) and approximately 195 acres of commercial tracts, on behalf of MUD 532 to serve 864 single-family residential lots and 3 acres of commercial tracts, on behalf of MUD 533 to serve 41 single-family residential lots, and on behalf of MUD 534 to serve 1,527 single-family residential lots and approximately 8 acres of commercial tracts. There are an additional 82 single-family residential lots under construction on approximately 20 acres in MUD 532 with completion expected in the fourth quarter of 2026 and an additional 150 single-family residential lots under construction on approximately 78 acres in MUD 533 with completion expected in the first quarter of 2027. See "THE PARTICIPANTS—Future Participants" and "THE DISTRICT AND SERVICE AREA—Land Use."

Flood Protection and Drainage

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded and a number of neighborhoods in the Greater Houston Area that are above the 100-year flood plain have flooded multiple times in the past several years. The Service Area's drainage system has been designed and constructed to all current standards.

A portion of the Service Area lies within the Bear Creek and South Mayde Creek watersheds within the Addicks Reservoir Watershed. The Service Area 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 District developed a master drainage plan that received approval from the Harris County Flood Control District. The 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 "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

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 Service Area may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the Service Area. 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 "INVESTMENT CONSIDERATIONS—Atlas 14."

Subsidence and Conversion to Surface Water Supply

The Service Area is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 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 Service Area is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP.

The 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 Master District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to continue passing such fees through to the Participants. 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.

Water and Wastewater Operations

The following statement sets forth in condensed form the General Operating Fund for the Master District as derived from 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 as provided by the Bookkeeper. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX B" for further and complete information.

		Fiscal Year Ended December 31			
	1/1/2026 to 8/31/2026 (unaudited)	2025	2024	2023	2022
Revenues:					
Charges for Services	$ 169,815	$ -	$ -	$ -	$ -
Regional Water Authority Fee	2,165,011	2,505,459	2,084,595	1,912,196	1,530,349
Tap Connection Fees		-	-	-	71,826
Capacity Reservation Fee	2,675,208	3,879,300	3,443,340	2,869,380	2,038,650
Miscellaneous	125,836	171,853	122,174	30,926	14,796
Total Revenues	$ 5,135,869	$ 6,556,612	$ 5,650,109	$ 4,812,502	$ 3,655,621
Expenditures:					
Professional Fees	$ 383,422	$ 433,304	$ 389,806	$ 357,943	$ 404,208
Purchased or Contracted Services	153,085	179,825	147,994	96,454	63,251
Utilities	363,894	440,915	361,170	256,598	168,351
Repairs and Maintenance	1,447,021	1,583,800	1,153,908	1,119,564	1,156,478
Regional Water Fee	1,529,812	2,296,114	2,025,914	1,753,766	1,399,543
Tap Connection		-	-	-	53,773
Lease Payments		-	-	-	29,400
Other	135,885	135,580	85,684	87,817	92,199
Total Expenditures	$ 4,013,119	$ 5,069,538	$ 4,164,476	$ 3,672,142	$ 3,367,203
NET REVENUES	$ 1,122,750	$ 1,487,074	$ 1,485,633	$ 1,140,360	$ 288,418
Developer Advances	$ -	$ -	$ -	$ -	$ 250,000
General Operating Fund Balance (Beginning of Year)	$ 4,299,029	$ 2,811,955	$ 1,326,322	$ 185,962	$ (352,456)
General Operating Fund Balance (End of Year)	$ 5,421,779	$ 4,299,029	$ 2,811,955	$ 1,326,322	$ 185,962

FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)

Contract Revenue Bonds of the Master District

Direct Debt (Including the Bonds)	$253,760,000	
Estimated Overlapping Debt	197,321,717	(a)
Total Direct and Overlapping Debt	$451,081,717	

Gross Appraised Valuation

2026 Appraised Valuation	$2,036,925,698	(b)
Estimated Appraised Valuation as of August 1, 2026	$2,183,394,603	(c)
Direct Debt as a % of		
2026 Appraised Valuation	12.46%	
Estimated Appraised Valuation as of August 1, 2026	11.62%	
Direct Debt and Estimated Overlapping Debt as a % of		
2026 Appraised Valuation	22.15%	
Estimated Appraised Valuation as of August 1, 2026	20.66%	

Master District Water/Sewer/Drainage Debt Service Funds Available:

Water/Sewer/Drainage Contract Revenue Reserve Fund Balance as of October 12, 2026	$ 8,227,057	(d)(e)
Deposit to the Water/Sewer/Drainage Revenue Reserve Fund from Bond Proceeds	624,624	(d)(e)
Capitalized Interest from Bond Proceeds	2,180,000	(d)(f)
Water/Sewer/Drainage Contract Revenue Debt Service Fund as of October 12, 2026	13,298,243	(d)
Total Available for Water/Sewer/Drainage Debt Service	$24,329,924	(d)

Master District Road Debt Service Funds Available:

Road Contract Revenue Reserve Fund Balance as of October 12, 2026	$ 904,431	(d)
Road Contract Revenue Debt Service Fund Balance as of October 12, 2026	1,277,760	(d)
Total Available for Road Debt Service	$2,182,191	(d)

Master District Operating Funds Available as of October 12, 2026	$ 5,390,587
Water/Sewer/Drainage Capital Projects Funds Available as of October 12, 2026	$22,460,071
Road Capital Projects Funds Available as of October 12, 2026	$ 123,863

(a) See "—Estimated Overlapping Debt" in this section.

(b) The Appraisal District has certified $1,839,473,197 of appraised value in the boundaries of the Participants for 2026. There is also uncertified appraised value in the boundaries of the Participants that is subject to review and downward revision or adjustment prior to certification in the amount of $197,452,501. For purposes of this OFFICIAL STATEMENT, the 2026 Appraised Valuation represents the Certified Appraised Valuation plus the uncertified appraised value. No tax will be levied on the uncertified value until it is certified. See "APPENDIX A" for information on each Participant's certified and uncertified value.

(c) The Estimated Appraised Valuation as of August 1, 2026, as shown herein, is comprised of the estimate of appraised value as of August 1, 2026 for MUD 171, MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534, all provided by the Appraisal District. Optional exemptions granted by the Participants are not available in connection with the estimate of appraised value. The estimated appraised value for MUD 457 and MUD 534 includes the 2025 value associated with optional exemptions granted by MUD 457 and MUD 534, respectively. Optional exemptions are not granted by the other Participants. Increases in value that occur between January 1, 2026 and August 1, 2026 will be appraised for purposes of taxation on January 1, 2027. No tax will be levied on such amount until it is certified in the fall of 2027. See "TAXING PROCEDURES."

(d) All of the Master District's Contract Revenue Bonds are payable from Contract Taxes. The revenues from the Water/Sewer/Drainage Contract Tax will be allocated to Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, and the revenues from the Road Contract Tax will be allocated to the Road Contract Revenue Bonds. The Road Contract Revenue Debt Service Fund and Road Contract Revenue Reserve Fund will not be pledged to the Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, nor will funds deposited into the Water/Sewer/Drainage Contract Revenue Debt Service Fund and Water/Sewer/Drainage Contract Revenue Reserve Fund be pledged to Road Contract Revenue Bonds.

(e) A reserve requirement for the Water/Sewer/Drainage Contract Revenue Reserve Fund has been established in the Bond Resolution to be a sum of money equal to one-half of the maximum annual debt service requirements on the Outstanding Water/Sewer/Drainage Bonds, including the Bonds, which is $8,828,449. Based on the Water/Sewer/Drainage Contract Revenue Reserve Fund Balance as of September 14, 2026 of $8,203,825, an amount required to satisfy the Reserve Requirement associated with the issuance of the Bonds ($624,624) will be funded with Bond proceeds and deposited in the Water/Sewer/Drainage Contract Revenue Reserve Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(f) The District will capitalize $2,180,000 of interest on the Bonds, which is the maximum amount approved by the TCEQ. Such amount will be deposited into the Water/Sewer/Drainage Contract Revenue Debt Service Fund. 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.

Participants' Appraised Valuation as a Percentage of all Participants (a):

Participant	2025 Appraised Valuation (b)	% of 2025 Appraised Valuation	2026 Appraised Valuation (b)	% of 2026 Appraised Valuation	Estimated Appraised Valuation as of 8/1/26 (c)	% of Estimated Appraised Valuation as of 8/1/2026
MUD 171	$ 112,549,727	6.52%	$ 131,529,432	6.46%	$ 167,091,944	7.65%
MUD 457	869,806,474	50.37%	842,251,637	41.35%	852,763,214	39.06%
MUD 458	141,986,682	8.22%	236,589,475	11.62%	222,064,152	10.17%
MUD 532	40,754,550	2.36%	170,588,749	8.37%	252,233,113	11.55%
MUD 533	3,682,668	0.21%	6,919,987	0.34%	27,071,291	1.24%
MUD 534	558,136,470	32.32%	649,046,418	31.86%	662,170,889	30.33%
Total	$ 1,726,916,571	100.00%	$ 2,036,925,698	100.00%	$ 2,183,394,603	100.00%

(a) Appraised value does not exclude value associated with any optional exemption that a Participant may grant under Texas law nor does it exclude the market value deferred as a result of agricultural use.

(b) As certified by the Appraisal District for 2025. For 2026, the Appraisal District has certified $1,839,473,197 of appraised value in the boundaries of the Participants. There is also uncertified appraised value in the boundaries of the Participants subject to review and downward revision or adjustment prior to certification in the amount of $197,452,501. For purposes of this OFFICIAL STATEMENT, the 2026 Appraised Valuation for the Service Area represents the Certified Appraised Valuation plus the uncertified appraised value. No tax will be levied on the uncertified value until it is certified. See "APPENDIX A" for each Participant's certified and uncertified value.

(c) The Estimated Appraised Valuation as of August 1, 2026, as shown herein, is comprised of the estimate of appraised value as of August 1, 2026 for MUD 171, MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534, all provided by the Appraisal District. Optional exemptions granted by the Participants are not available in connection with the estimate of appraised value. The estimated appraised value for MUD 457 and MUD 534 includes the 2025 value associated with optional exemptions granted by MUD 457 and MUD 534, respectively. Optional exemptions are not granted by the other Participants. Increases in value that occur between January 1, 2026 and August 1, 2026 will be appraised for purposes of taxation on January 1, 2027. No tax will be levied on such amount until it is certified in the fall of 2027. See "TAXING PROCEDURES."

Outstanding Bonds

The Outstanding Road Bonds and the Outstanding Water/Sewer/Drainage Bonds are collectively referred to herein as 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
2017 (a)	$ 2,580,000	$ 2,085,000
2018	19,505,000	16,480,000
2019	14,330,000	12,255,000
2020 (a)	4,400,000	3,805,000
2020	12,000,000	10,000,000
2021 (a)	3,000,000	2,530,000
2021	17,000,000	15,645,000
2022	23,250,000	20,460,000
2023	31,600,000	29,160,000
2024 (a)	7,000,000	6,730,000
2024	18,710,000	18,710,000
2024A	24,300,000	24,300,000
2025	50,000,000	50,000,000
2026 (a)	8,900,000	8,900,000
Total	$ 236,575,000	$ 221,060,000

(a) Road Contract Revenue Bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the Bonds. This schedule does not reflect that the District capitalized twelve (12) months of interest from proceeds of the Series 2025 Contract Revenue Bonds in October 2025, sixteen (16) months of interest from proceeds of the Series 2026 Road Contract Revenue Bonds in April 2026 and will capitalize $2,180,000 of interest from proceeds of the Bonds, which is the maximum amount approved by the TCEQ. The District will also fully fund the Water/Sewer/Drainage Contract Revenue Reserve Fund with Bond proceeds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

	Outstanding	Plus: Debt Service on the Bonds			Total
Year	Debt Service	Principal	Interest	Total	Debt Service
2026	$ 11,154,160.75 (a)				$ 11,154,160.75
2027	17,392,593.76		$ 1,774,833.96	$ 1,774,833.96	19,167,427.72
2028	17,336,711.26	$ 410,000	1,717,581.25	2,127,581.25	19,464,292.51
2029	16,956,433.76	430,000	1,690,931.25	2,120,931.25	19,077,365.01
2030	16,578,201.26	450,000	1,662,981.25	2,112,981.25	18,691,182.51
2031	16,202,363.76	475,000	1,633,731.25	2,108,731.25	18,311,095.01
2032	15,875,908.76	495,000	1,602,856.25	2,097,856.25	17,973,765.01
2033	15,604,133.76	520,000	1,570,681.25	2,090,681.25	17,694,815.01
2034	15,327,160.00	550,000	1,539,481.25	2,089,481.25	17,416,641.25
2035	15,062,718.76	575,000	1,511,981.25	2,086,981.25	17,149,700.01
2036	14,803,850.00	605,000	1,483,231.25	2,088,231.25	16,892,081.25
2037	14,540,306.26	635,000	1,452,981.25	2,087,981.25	16,628,287.51
2038	14,288,381.26	665,000	1,421,231.25	2,086,231.25	16,374,612.51
2039	14,027,247.50	700,000	1,387,981.25	2,087,981.25	16,115,228.75
2040	13,755,295.00	735,000	1,352,981.25	2,087,981.25	15,843,276.25
2041	13,482,402.50	770,000	1,316,231.25	2,086,231.25	15,568,633.75
2042	13,208,603.76	810,000	1,277,731.25	2,087,731.25	15,296,335.01
2043	12,755,197.50	850,000	1,237,231.25	2,087,231.25	14,842,428.75
2044	12,482,716.26	895,000	1,194,731.25	2,089,731.25	14,572,447.51
2045	10,070,510.00	940,000	1,149,981.25	2,089,981.25	12,160,491.25
2046	9,013,490.00	1,155,000	1,102,981.25	2,257,981.25	11,271,471.25
2047	8,730,957.50	1,210,000	1,045,231.25	2,255,231.25	10,986,188.75
2048	6,382,800.00	2,000,000	983,218.75	2,983,218.75	9,366,018.75
2049	6,147,950.00	2,075,000	880,718.75	2,955,718.75	9,103,668.75
2050	4,698,100.00	3,000,000	774,375.00	3,774,375.00	8,472,475.00
2051	2,809,000.00	3,750,000	616,875.00	4,366,875.00	7,175,875.00
2052	2,703,500.00	3,750,000	420,000.00	4,170,000.00	6,873,500.00
2053	598,000.00	4,250,000	223,125.00	4,473,125.00	5,071,125.00
Total	$ 331,988,693.37	$ 32,700,000	$ 34,025,896.46	$ 66,725,896.46	$ 398,714,589.83

(a) Excludes the June 1, 2026 debt service payment of $4,655,867.

Average Annual Debt Service Requirements (2027-2053).....$14,354,090
Maximum Annual Debt Service Requirement (2028) $19,464,293

Estimated Overlapping Debt

The following table lists the outstanding debt payable from ad valorem taxes, of governmental entities overlapping the Participants and the estimated percentages and amounts of such indebtedness attributable to property within the Participants' boundaries. 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 Participants' boundaries are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds		As of	Overlapping Percent	Overlapping Amount
Harris County	$ 3,080,611,581		8/31/2026	0.26%	$ 8,009,590
Harris County Flood Control District	1,034,900,000		8/31/2026	0.26%	2,690,740
Harris County Department of Education	28,960,000		8/31/2026	0.26%	75,296
Harris County Hospital District	1,644,825,000		8/31/2026	0.26%	4,276,545
Port of Houston Authority	386,074,397		8/31/2026	0.26%	1,003,793
Cypress Fairbanks Independent School District (a)	3,264,440,000		8/31/2026	0.13%	4,243,772
Katy Independent School District (a)	2,549,225,000		8/31/2026	1.68%	42,826,980
The District (as a Participant)	9,535,000	(b)(c)	8/31/2026	100.00%	9,535,000
MUD 457	49,595,000	(b)	8/31/2026	100.00%	49,595,000
MUD 458	12,000,000	(b)(d)	8/31/2026	100.00%	12,000,000
MUD 532	12,480,000	(b)(e)	8/31/2026	100.00%	12,480,000
MUD 534	50,585,000	(b)(f)	8/31/2026	100.00%	50,585,000
Total Estimated Overlapping Debt					$ 197,321,717
The Master District (g)					253,760,000
Total Direct and Estimated Overlapping Debt					$ 451,081,717

Ratio of Direct and Overlapping Debt to 2026 Taxable Appraised Valuation of $2,036,925,698	22.15%
Ratio of Direct and Overlapping Debt to Estimated Appraised Valuation as of August 1, 2026 of $2,1,83,394,603	20.66%

(a) Approximately 973 acres in the Service Area are located within the Cypress-Fairbanks Independent School District and approximately 1,920 acres in the Service Area are located within the Katy Independent School District.

(b) Excludes the September 1, 2026 principal payments made by MUD 171 (in its capacity as a Participant), MUD 457, MUD 458, MUD 532 and MUD 534.

(c) Includes $2,230,000 in principal amount of unlimited tax bonds, which sold on October 20, 2026 and are expected to be issued on November 19, 2026 by MUD 171 (in its capacity as a Participant).

(d) Includes approximately $3,000,000 in principal amount of unlimited tax bonds expected to be issued by MUD 458 in the fourth quarter of 2026.

(e) Includes approximately $6,500,000 in principal amount of unlimited tax bonds expected to be issued by MUD 532 on October 29, 2026.

(f) Includes approximately $2,500,000 in principal amount of unlimited tax bonds expected to be issued by MUD 534 on October 29, 2026.

(g) Includes the Bonds and the Outstanding Bonds.

Estimated Overlapping Taxes

Property within each Participant is subject to taxation by several taxing authorities in addition to the taxes levied by each Participant. 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 each Participant, having the power to tax the property. Each Participant'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 any contract revenue bonds issued by the Master District (including Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds), to pay debt service on bonded debt issued by each Participant and other taxing authorities, certain taxing jurisdictions, including each Participant, 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 which overlap the Service Area and the highest anticipated 2026 tax rate of the Participants. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority)……	$0.676267
Katy Independent School District (a)……	1.117100
Waller-Harris ESD No. 200 (b)……	0.100000
Total Overlapping Tax Rate……	$1.893367
MUD 532, MUD 533 & MUD 534 (c)……	1.500000
Total Tax Rate……	$3.393367

(a) A portion of the District and MUD 458 are located within Cypress-Fairbanks Independent School District, which levied a 2025 total tax rate of $1.0669.

(b) Harris County ESD No. 9 overlaps the District, but the Service Area is split between Waller-Harris ESD No. 200 and Harris County ESD No. 9, which adopted a 2026 tax rate of $0.045.

(c) The total tax rates for MUD 171, MUD 457 and MUD 458 are lower. See "APPENDIX A" for a breakdown of each Participant's 2026 total tax rate and published 2026 tax rate.

TAX DATA

Contract Tax

The District, in its capacity as the Master District, has the statutory authority and the authorization under the Master District Contract to issue Contract Revenue Bonds. Each Participant's Contract Payment will be determined annually. 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 the Contract Tax, or from any other legally available funds. See "MASTER DISTRICT CONTRACT" and "THE PARTICIPANTS—Contract Tax" and "—Historical Contract Tax Collections" in this section.

Appraised Valuation Information (a)

The Participants' Appraised Valuation as of January 1 of each year is used by the Master District in establishing the Contract Payments. The following represents the 2025 and 2026 Appraised Valuations, and the Estimated Appraised Valuation as of August 1, 2026, of the Participants and each Participant's percentage of the total Appraised Valuation. Historical tax information for each Participant is included in APPENDIX A herein.

Participant	2025 Appraised Valuation (b)	% of 2025 Appraised Valuation	2026 Appraised Valuation (b)	% of 2026 Appraised Valuation	Estimated Appraised Valuation as of 8/1/26 (c)	% of Estimated Appraised Valuation as of 8/1/2026
MUD 171	$ 112,549,727	6.52%	$ 131,529,432	6.46%	$ 167,091,944	7.65%
MUD 457	869,806,474	50.37%	842,251,637	41.35%	852,763,214	39.06%
MUD 458	141,986,682	8.22%	236,589,475	11.62%	222,064,152	10.17%
MUD 532	40,754,550	2.36%	170,588,749	8.37%	252,233,113	11.55%
MUD 533	3,682,668	0.21%	6,919,987	0.34%	27,071,291	1.24%
MUD 534	558,136,470	32.32%	649,046,418	31.86%	662,170,889	30.33%
Total	$ 1,726,916,571	100.00%	$ 2,036,925,698	100.00%	$ 2,183,394,603	100.00%

(a) Appraised value does not exclude value associated with any optional exemption that a Participant may grant under Texas law nor does it exclude the market value deferred as a result of agricultural use.

(b) As certified by the Appraisal District for 2025. For 2026, the Appraisal District has certified $1,839,473,197 of appraised value in the boundaries of the Participants. There is also uncertified appraised value in the boundaries of the Participants that is subject to review and downward revision or adjustment prior to certification in the amount of $197,452,501. For purposes of this OFFICIAL STATEMENT, the 2026 Appraised Valuation for the Service Area represents the Certified Appraised Valuation for each plus the uncertified appraised value. No tax will be levied on the uncertified value until it is certified. See "APPENDIX A" for each Participant's certified and uncertified value.

(c) The Estimated Appraised Valuation as of August 1, 2026, as shown herein, is comprised of the estimate of appraised value as of August 1, 2026 for MUD 171, MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534, all provided by the Appraisal District. Optional exemptions granted by the Participants are not available in connection with the estimate of appraised value. The estimated appraised value for MUD 457 and MUD 534 includes the 2025 value associated with optional exemptions granted by MUD 457 and MUD 534, respectively. Optional exemptions are not granted by the other Participants. Increases in value that occur between January 1, 2026 and August 1, 2026 will be appraised for purposes of taxation on January 1, 2027. No tax will be levied on such amount until it is certified in the fall of 2027. See "TAXING PROCEDURES."

Historical Contract Payment Collections

Contract Payments due to the Master District are payable annually in equal amounts on March 1 and September 1. For tax year 2026, the Contract Payment due from the Participants is $16,346,329. The first Contract Payment for the 2026 tax year is due March 1, 2027, and the balance is due on September 1, 2027. The Contract Payment collection rates for 2020 through 2025 are shown below. See "APPENDIX A" for a breakdown of each Participant's tax rate levy.

2020 Contract Payment Collection Rate	100.00%
2021 Contract Payment Collection Rate	100.00%
2022 Contract Payment Collection Rate	100.00%
2023 Contract Payment Collection Rate	100.00%
2024 Contract Payment Collection Rate	100.00%
2025 Contract Payment Collection Rate	100.00%
2026 Contract Payment Collection Rate	0.00%

Principal Taxpayers

See "APPENDIX A" for information on the principal taxpayers of each Participant.

Tax Adequacy for Debt Service

The Contract Tax (comprised of Water/Sewer/Drainage Contract Tax and Road Contract Tax) rate calculations set forth below are presented to indicate the tax rates per $100 appraised value which would be required to meet average annual and maximum annual debt service requirements if no growth in the collective appraised value of the Participants' occurred beyond the 2026 Appraised Valuation of $2,036,925,698 ($1,839,473,197 of certified value and $197,452,501 of uncertified value) and the Estimated Appraised Valuation as of August 1, 2026, of $2,183,394,603. The calculations contained in the following table merely represent the tax rates required to pay principal and interest on the Outstanding Bonds and the Bonds when due, assuming no further increase or any decrease in appraised value of the Participants, collection of ninety-five percent (95%) of the Contract Tax levied, the sale of no additional Contract Revenue Bonds and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2027-2053)	$14,354,090
$0.75 Tax Rate on 2026 Appraised Valuation	$14,513,096
$0.70 Tax Rate on Estimated Appraised Valuation as of August 1, 2026	$14,519,574
Maximum Annual Debt Service Requirement (2028)	$19,464,293
$1.02 Tax Rate on 2026 Appraised Valuation	$19,737,810
$0.94 Tax Rate on Estimated Appraised Valuation as of August 1, 2026	$19,497,714

No representation or suggestion is made that the uncertified portion of the 2026 Appraised Valuation will not be adjusted downward prior to certification or that the Estimated Appraised Valuation as of August 1, 2026, will be certified as appraised 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

Each Participant, including the Master District in its capacity as a Participant, is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within its boundaries in an amount sufficient to pay the principal of and interest on the outstanding bonds issued by such Participant, Water/Sewer/Drainage Contract Payments on the Bonds, and Contract Payments on any other Contract Revenue Bonds that the Master District has issued or may hereafter issue, and to pay the expenses of assessing and collecting such taxes. Under Texas law, the board of directors of each Participant may also levy and collect an annual ad valorem tax for the operation and maintenance of such Participant. See "INVESTMENT CONSIDERATIONS—Future Debt" and "THE PARTICIPANTS—Contract Tax," "—Direct Debt Service Tax" and "—Maintenance and Operations Taxes."

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 Participants. 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 Appraisal District has the responsibility for appraising property for all taxing units within Harris County, including the Participants. 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 Participants

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 a Participant. 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, a Participant may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. A Participant may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. A Participant is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair a Participant's obligation to pay tax supported debt incurred prior to adoption of the exemption by a Participant. Furthermore, a Participant must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forced who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the Appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, a Participant does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as a Participant 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 and the other Participants have 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 Service Area as a reinvestment zone. The City of Houston also may designate property within its boundaries or its extraterritorial jurisdiction as a reinvestment zone. Thereafter, Harris County, a Participant, and the City of Houston (after annexation of a Participant(s)) 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 any Participant participating in the abatement agreement, for a period of up to ten (10) years, all or any part of any increase in the appraised value of property covered by the agreement over its appraised value in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in a Participant 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 a Participant in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

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

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every six (6) 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. Each Participant, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the Participant or an estimate of any new property or improvements within the Participant. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the Participant, it cannot be used for establishing a tax rate within the Participant 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 a Participant adopting its tax rate for the tax year. A taxing unit, such as a Participant, 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.

Participant and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the Participants) 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 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

Each Participant 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 of each Participant, after the legally required notice has been given to owners of property within such Participant, based upon: a) the valuation of property within such Participant as of the preceding January 1, and b) the amount required to be raised for maintenance purposes, debt service on the Participant's bonds, the Participant's pro rata share of the annual debt service requirements (including reserve fund requirements) on contract revenue bonds (including Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds) issued by the Master District, and other 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, except as set forth herein with respect to residential homesteads of persons sixty-five (65) years of age or older or disabled. 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 Participant and a delinquent tax attorney. 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 Participant 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 Participants may be rejected. A Participant'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 continues to accrue during the period of deferral.

Tax Payment Installments

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

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

Additional Penalties

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: The District, MUD 458, MUD 532, MUD 533, and MUD 534 have independently made determinations that the respective districts were considered Developing Districts for the 2026 tax year. MUD 457 made the determination that it is considered a Developed District for the 2026 tax year. The District cannot give any assurances as to what its classification or the classification of the Participants will be at any point in time or whether the District's or Participants' future tax rates will result in a total tax rate that will reclassify the District or Participants into a new classification and new election calculation.

Participant's Rights in the Event of Tax Delinquencies

Taxes levied by each Participant 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 each Participant, having power to tax the property. The Participant's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated 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 a 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, a Participant may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the limitations set forth under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, a Participant 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, and by taxpayer redemption rights. A taxpayer may redeem commercial property within six months and all other types of property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records. The Participant's ability to foreclose its tax lien or collection penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

The Bonds are special obligations solely of the Master District (except the Master District in its role as a Participant) and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; any of the Participants except the Master District; or any entity other than the Master District. The Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, are payable solely from and to the extent of certain contract payments received by the Master District from the Participants pursuant to the Master District Contract, with each Participant's annual contract payment being equal to its pro rata share of annual debt service on the Water/Sewer/Drainage Contract Revenue Bonds, including the Bonds, plus all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain funds, including the Water/Sewer/Drainage Contract Revenue Reserve Fund, established under the Bond Resolution or the Water/Sewer/Drainage Indenture, based upon the Certified Appraised Valuation of each such Participant as a percentage of the total Certified Appraised Valuation of all Participants (the "Water/Sewer/Drainage Contract Payment(s)"). The obligations of the Participants to make Water/Sewer/Drainage Contract Payments are several, not joint, obligations pro-rated among the Participants based upon the proportion of the Certified Appraised Valuation of property within their respective boundaries to the total Certified Appraised Valuation of property within all of the Participants as described herein. No Participant is obligated to pay the Water/Sewer/Drainage Contract Payments allocated to any other Participant; however, lack of payment by any Participant could result in an increase in the Water/Sewer/Drainage Contract Payment amount paid by each of the other Participants during the time that such Participant's payment is delinquent. The security for payment of the principal of and interest on the Bonds by the Master District therefore depends on the ability of each Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries sufficient to make its Water/Sewer/Drainage Contract Payments. See "—Registered Owners' Remedies and Bankruptcy Limitation to Registered Owner's Rights" herein and "THE BONDS—Source and Security of Payment."

Pursuant to an Indenture of Trust dated November 1, 2017 (the "Road Indenture"), by and between the Master District and The Bank of New York Mellon Trust Company, N.A., the Master District has issued, and is expected to issue, contract revenue bonds for the purpose of purchasing or acquiring regional road facilities ("Road Contract Revenue Bonds"). The Master District Contract obligates each Participant to pay a pro rata share of the debt service on the Road Contract Revenue Bonds based upon the Certified Appraised Valuation of each Participant as a percentage of the Certified Appraised Valuation of all Participants, calculated annually. Each Participant is obligated to make such payments ("Road Contract Payments") 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 ("Road Contract Tax"), or from any other lawful source of such Participant's income.

Road Contract Payments (all of which are derived from the Road Contract Tax or other legally available funds of a Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Bonds or any additional Water/Sewer/Drainage Contract Revenue Bonds; or (ii) fund or maintain the Water/Sewer/Drainage Contract Revenue Reserve Fund. Water/Sewer/Drainage Contract Payments (all of which are derived from the Water/Sewer/Drainage Contract Tax or other legally available funds of a Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Road Contract Revenue Bonds); or (ii) fund or maintain the Road Contract Revenue Reserve Fund.

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 the 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."

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the Service Area results from the current market value of single-family residences, commercial/multi-family development and developed lots which are currently being marketed by the Developers for sale to homebuilders for the construction of primary residences. The market value of such homes and lots and commercial/multi-family development is related to general economic conditions in the Houston region and the national economy and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the Service Area or could impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the Service Area. Because of the numerous and changing factors affecting the availability of funds, particularly the liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the Service Area. In addition, since the Service Area is located approximately 35 miles from the central downtown business district of the City of Houston, the success of development within the Service Area and growth of Service Area taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the Service Area and restrain the growth or reduce the value of the Service Area's property tax base.

Competition

The demand for and construction of single-family homes and commercial and retail developments in the Service Area, which is approximately 35 miles west of downtown Houston, could be affected by competition from other residential developments including other residential and commercial developments located in the western portion of the Houston metropolitan area along the Grand Parkway (Texas State Highway 99). In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the Service Area and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the Service Area.

The competitive position of the Developers in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the Service Area and marketing of commercial tracts within the Service Area is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the Service Area. The District can give no assurance that building and marketing programs in the Service Area by the Developers will be implemented or, if implemented, will be successful. Failure of the Developers to develop the developable land or of builders to construct taxable improvements on the developed lots could restrict the rate of grow of the taxable value.

Undeveloped Acreage and Lots

There are approximately 213 developable acres of land in the Service Area that have not been provided with water, wastewater, storm sewer, park, road and other facilities necessary for the construction of taxable improvements. In addition, as of September 30, 2026, there were 57 vacant single-family residential and rental lots and in MUD 458, 438 vacant single-family residential lots in MUD 532, 12 vacant single-family residential lots in MUD 533, and 71 vacant developed single-family residential lots in MUD 534. The District makes no representation as to when or if development of the undeveloped acreage will occur or that the lot sales and building program will be successful. Failure of the Developers to develop the developable land or of builders to construct taxable improvements on vacant lots could restrict the rate growth of taxable value in the Service Area. See "THE DISTRICT AND THE SERVICE AREA—Land Use."

Developer Obligation to the District

There are no commitments from or obligations of the Developers or any other landowner in the Service Area to proceed at any particular rate or according to any specified plan with the development of land or construction of improvements in the Service Area, 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 Service Area. The Master District cannot and does not make any representations that over the life of the Bonds the Participants will increase or maintain their taxable property. See "THE DEVELOPERS" and "APPENDIX B."

Increase in Costs of Building Materials

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

Possible Impact on Contract Tax Rate

Assuming no further development, the value of the land and improvements currently within the Service Area will be the major determinant of the ability or willingness of owners of property within the Participants to pay their taxes. The 2026 Appraised Valuation of the Participants is $2,036,925,698 ($1,839,473,197 of certified value and $197,452,501 of uncertified value). After issuance of the Bonds, the maximum debt service requirement on the Bonds and the Outstanding Bonds will be $19,464,293 (2028), and the average annual debt service requirement will be $14,354,090 (2027-2053, inclusive). Assuming no increase or decrease from the 2026 Appraised Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, contract tax rates of $1.02 and $0.75 per $100 of appraised value at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service requirement, respectively. The Estimated Appraised Valuation of the Participants as of August 1, 2026, is $2,183,394,603. Assuming no increase or decrease from the Estimated Appraised Valuation as of August 1, 2026, the issuance of no additional debt, and no other funds available for the payment of debt service, contract tax rates of $0.94 and $0.70 per $100 of appraised value at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service payment, respectively. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Debt Service Requirements."

No representation or suggestion is made that the uncertified portion of the 2026 Appraised Valuation will not be adjusted downward prior to certification and that the Estimated Appraised Value as of August 1, 2026, provided by the Appraisal District will be 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."

Debt Burden on Property within the Participants

The Master District expects that each Participant (including the District in its capacity as a Participant) will derive funds to make its Contract Payments to the Master District from the collection of ad valorem taxes, without legal limit as to rate or amount, levied on all taxable property within its boundaries. In addition to the annual levy of a Contract Tax to make its annual Contract Payments, each Participant (including the District in its capacity as a Participant) is authorized, and expected, to levy a tax on all taxable property within its boundaries (without legal limit as to rate or amount) to pay annual principal and interest on bonds issued by the Participant and to pay its operations and maintenance expenses. In accordance with the development plan of the Developers, it is expected that each Participant will also issue bonds to finance the internal water, wastewater and storm drainage facilities, roads and each Participant's pro rata share of regional park and recreation facilities within its boundaries at the earliest time permitted by the rules of the TCEQ.

The Master District can make no representation that the taxable property values in the Participants will maintain a value sufficient to support the aforementioned Contract Tax or to justify continued payment of taxes by property owners. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)," "TAX DATA—Tax Adequacy for Debt Service" and "APPENDIX A."

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 appraised value. In the case of the Participants the total combined tax rate under current TCEQ rules includes the Contract Tax rate in combination with the direct tax rates of a Participant for debt service and maintenance. If the current combined tax rate a Participant should ever exceed $1.50 per $100 of taxable appraised value, such Participant or 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 MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated Overlapping Debt" and "—Estimated Overlapping Taxes."

The total composite tax rate, which includes or will include the Contract Tax and direct taxes for debt service and maintenance and operations, to which property in each of the Participants may be higher than the composite tax rate of property within other competing subdivisions. To the extent that such composite tax rate is not competitive, the growth of property tax values in each Participant and the investment quality or security of the Bonds could be adversely affected. The Master District has no control over such composite tax rate. See "—Competition" herein and "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated Overlapping Taxes."

Specific Flood Type Risks

The Service Area 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 Service Area 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 or homebuilding activity within the Service Area. The Master District cannot predict the impact that negative conditions in the oil industry could have on property values within the Service Area.

Extreme Weather Events

The greater Houston area, including the Service Area, is subject to occasional severe weather events, including tropical storms and hurricanes. If the Service Area were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the Service Area 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.

According to the Operator, the Engineer and Brookfield, the Master District's water, wastewater and drainage system did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, according to the Operator, Engineer and Brookfield, no homes within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

If a future weather event significantly damaged all or part of the improvements within the Service Area, the assessed value of property within the Service Area could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the Participants' tax rates. Further, there can be no assurance that a casualty loss to taxable property within the Service Area 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 Service Area. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the Service Area could be adversely affected.

Registered Owners' Remedies and Bankruptcy Limitation to Registered Owner's Rights

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 or confirmed 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 of the Bonds ("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, the Road Indenture provides certain limitations on the right of Registered Owners of the Bonds to institute suits, actions or proceedings at law or in equity upon the occurrence of an event of default. See "THE BONDS—Remedies in Event of Default" and "THE INDENTURE OF TRUST." 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 property of the

Master District or property within the Service Area. Further, the Registered Owners cannot themselves foreclose on property within the Service Area or sell property within the Service Area 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 (or another Participant) may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

Pursuant to the Master District Contract, the Master District may issue Water/Sewer/Drainage Contract Revenue Bonds in a principal amount not to exceed $680,320,000 to provide the Master District Water, Sewer and Drainage Facilities and for refunding of such bonds, and in a principal amount not to exceed $98,910,000 for the purpose of constructing and acquiring the Master District Road Facilities and for refunding of such bonds. After the issuance of the Bonds, the Master District will have $436,925,000 principal amount of Water/Sewer/Drainage Contract Revenue Bonds authorized but unissued, and $73,030,000 principal amount of Road Contract Revenue Bonds will remain authorized but unissued. Any future Contract Revenue Bonds will be on a parity with the Bonds. The Master District anticipates that it will issue additional Contract Revenue Bonds. Future issues of Contract Revenue Bonds are intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the Service Area. The Master District does not employ any formula with respect to appraised values, tax collections or otherwise to limit the amount of Contract Revenue Bonds which it may issue. The issuance of additional bonds may be subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. To date, the Developers have advanced certain funds for construction of water, sewer and drainage facilities and roads and related improvements for which it has not been reimbursed. After the reimbursements are made with Bond proceeds, the Master District will owe approximately $52,000,000 (excluding land costs and interest) to the Developers for water, wastewater and drainage facilities and approximately $5,000,000 for road and related improvements constructed in the Service Area. Pursuant to the Master District Contract, the Master District shall not issue Contract Revenue Bonds for parks and recreational facilities, unless and until said Master District Contracts are amended and approved by the voters of the districts in the Service Area in accordance with the terms of the Master District Contracts. The Master District may require Participants to remit Park Construction Charges (as defined in the Master District Contract) to reimburse the Developers for certain funds for construction of park and recreational facilities. See "—Possible Impact on the Contract Tax Rate" in this section and "THE BONDS—Issuance of Additional Debt" and "—Financing Parks and Recreational Facilities."

The District, as a Participant, has the right to issue obligations, including unlimited tax bonds for the purpose of financing internal water, wastewater and storm drainage facilities, roads and its pro rata share of regional parks and recreation facilities within its boundaries, tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. The voters of the District have authorized the issuance of $37,350,000 principal amount of unlimited tax bonds for the purpose of purchasing or constructing water, wastewater and drainage facilities and for refunding such bonds, $32,620,000 of which remains authorized but unissued after the issuance of the $2,230,000 unlimited tax bonds sold on October 20, 2026 and expected to be issued on November 19, 2026, $70,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities and for refunding such bonds, $64,815,000 of which remains authorized but unissued,

and $7,700,000 principal amount unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities and for refunding such bonds, all of which remains authorized but unissued. The principal amount of bonds issued to finance parks and recreational facilities may not exceed one percent (1%) of the District's certified value, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District.

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 may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Environmental Regulations

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

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

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

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

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

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

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

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

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

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

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

The 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.

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.

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 and "A1" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE" and "APPENDIX C."

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

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

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

Tax Collections Limitations and Foreclosure Remedies

The Master District's ability to make debt service payments may be adversely affected by one or more Participant's inability to collect ad valorem taxes necessary to make its Contract Payments. Under Texas law, the levy of ad valorem taxes by each Participant constitutes a lien in favor of the Participant on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. Each Participant's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time- consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the Participant and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the Participant will be allocated pro rata among the Participant's tax obligations (including Road Contract Payments, Water/Sewer/Drainage Contract Payments, maintenance and operation expenses, and debt service for any unlimited tax bonds issued by the Participant). The proceeds of any such sale of property may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Estimated Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within a Participant pursuant to the Federal Bankruptcy Code could stay any attempt by the Participant to collect delinquent ad valorem taxes Appraised 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 Appraised against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES—Participant's Rights in the Event of Tax Delinquencies."

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.

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 Master District under the Constitution and laws of the State of Texas, payable from the Water/Sewer/Drainage Pledged Revenues (see "THE INDENTURE OF TRUST"), 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 INDENTURE OF TRUST," "THE PARTICIPANTS," "MASTER DISTRICT CONTRACT," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the Master 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 Master District from that set forth or contemplated in the Preliminary Official Statement, as it may be amended or supplemented through the date of sale.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the Date of Delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds, the Master District Contract, restraining or enjoining the levy, collection and pledge of the funds from which the Bonds are payable; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds or the title of the present officers of the District.

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) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a 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"). Moody's has also assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX C."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, 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 C 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 Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District to such effect except as specified 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, indentures, 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.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the Master District's water and wastewater system and, certain information included in the sections entitled "THE DISTRICT AND SERVICE AREA—Description and Location—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.

Appraisal District: The information contained in this OFFICIAL STATEMENT relating to the historical certified taxable Appraised Valuations has been provided by the Harris Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Harris County, including within the boundaries of the Participants.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the historical breakdown of the Participants' Appraised 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.

Independent Auditor: The financial statements of the Master District, MUD 457, MUD 458, MUD 532 and MUD 534 as of December 31, 2025, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their reports appearing herein. See "APPENDIX B."

Bookkeeper: The information related to the "unaudited" summary of the Master District's General Operating Fund as it appears in "THE SYSTEM—Water and Wastewater Operations" and the annual financial report for MUD 533 has been provided by District Data Services, Inc. and are 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 Master 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 Master 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 Master District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the Master District delivers the Bonds to the Underwriter, unless the Underwriter notifies the Master District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the Master 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 Master District delivers the Bonds).

Certification of Official Statement

The Master 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 Master 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 Master District, the Master 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 Master 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 Master 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 Master District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the Master District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The Master 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 Master 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"), or any successor to its functions as a repository, through the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The Master District will provide certain updated financial information and operating data to the MSRB through its EMMA System. The information to be updated with respect to the Master District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM—Master District Facilities," "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED) (except "—Estimated Overlapping Debt")," "TAX DATA," and "APPENDIX A" (Certain Financial Information Regarding the Participants) and "APPENDIX B" (Audited Financial Statements of the Master District and Participants). The Master District will update and provide this information within six months after the end of each fiscal year ending in or after 2026.

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

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person 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 makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described under "—Annual Reports."

Availability of Information from MSRB

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

Limitations and Amendments

The Master District has agreed to update information and to provide notices of specified events only as described above. The Master 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 Master 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 Master 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 Owners or Beneficial Owners of Bonds may seek a writ of mandamus to compel the Master District to comply with its agreement.

The Master District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Master District or the Participants, if but only if (1) 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 (2) either (a) the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Master 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 Master 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 Master District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating so provided.

Compliance with Prior Undertakings

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

MISCELLANEOUS

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

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.

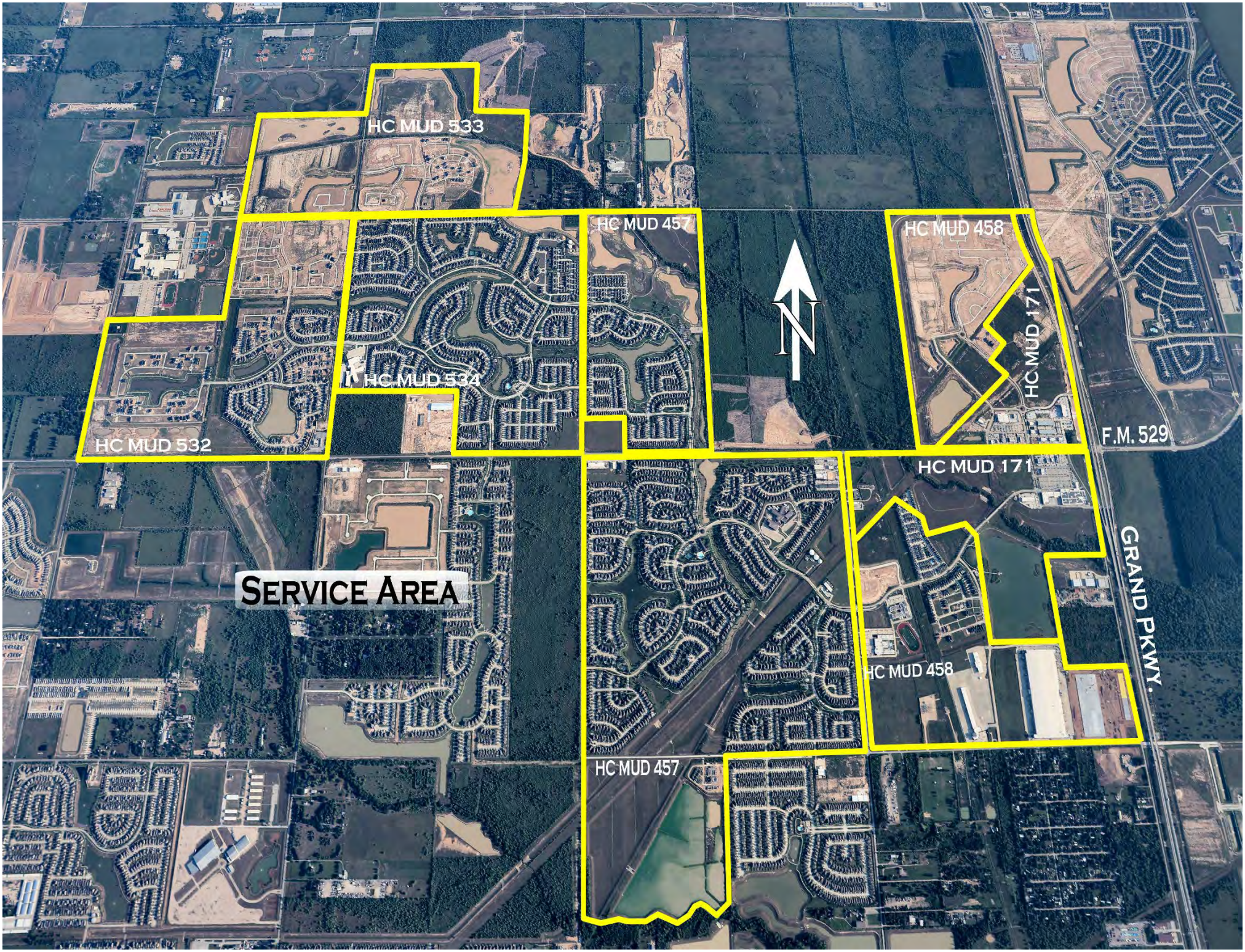
ATTEST:

/s/ Mark Yentzen
Vice President, Board of Directors

/s/ Duane Heckmann
President, Board of Directors

AERIAL LOCATION MAP

(Approximate boundaries of the Service Area as of July 2026)


HC MUD 533
HC MUD 457
HC MUD 458
HC MUD 171
HC MUD 534
HC MUD 532
F.M. 529
HC MUD 171
SERVICE AREA
GRAND PKWY.
HC MUD 458
HC MUD 457

PHOTOGRAPHS OF THE DISTRICT

(Taken July 2026)














SOLD


STOP


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


Builders FirstSource
22206
Builders FirstSource


BLACK ROCK
COFFEE BAR
DRIVE THRU
The Dental Office
of Katy
Jersey Mike's
SUBS
CRUST
PIZZA
BLACK ROCK
COFFEE BAR
The Dental Office of Katy


CHILDREN'S
LIGHTHOUSE
EARLY LEARNING SCHOOL


timewise
MARCO'S PIZZA


KATY LAKES DENTISTRY
EYE VANTAGE
THE LIQUOR CABINET
BELLVILLE URGENT CARE

APPENDIX A

Certain Financial Information Regarding the Participants

Selected information concerning the Participants is included in this APPENDIX in addition to certain general information concerning the Participants and their obligation under the Master District Contract contained in the body of the OFFICIAL STATEMENT. See "THE PARTICIPANTS" and "MASTER DISTRICT CONTRACT."

Certain Calculations

The information concerning the debt burden of the Participants makes reference to the principal amount of each Participant's pro rata share of debt service on the Bonds, each Participant's outstanding unlimited tax bonds, if any, and certain annual tax rate calculations. In each case, this information has been computed as follows:

Contract Debt: The principal amount of each Participant's Master District Contract debt has been calculated for purposes of the OFFICIAL STATEMENT by allocating the debt service on the Bonds and the Outstanding Bonds among the Participants in proportion to their appraised values. The appraised values are based on the Estimated Appraised Valuation as of August 1, 2026, for MUD 171, MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534. The Participants' share of annual debt service requirements on the Bonds and the Outstanding Bonds will be determined annually by reference to their relative appraised values established by the Harris Central Appraisal District on January 1 of each year. See "MASTER DISTRICT CONTRACT" in the OFFICIAL STATEMENT.

Tax Rate Calculations: Tax rate calculations herein assume that each Participant's appraised value does not change from its Estimated Appraised Valuation as of August 1, 2026, for MUD 171, MUD 457, MUD 458, MUD 532, MUD 533 and MUD 534 and that each Participant collects ninety-five percent (95%) of the taxes it levies, that it issues no additional bonds, and that the Master District does not issue any additional Contract Revenue Bonds.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 171
(In Its Capacity as a Participant)

Voter Authorized Unlimited Tax Bonds (including Unlimited Tax Refunding Bonds)	$37,350,000
Voter Authorized Unlimited Tax Road Bonds (including Unlimited Tax Road Refunding Bonds)	$70,000,000
Voter Authorized Unlimited Tax Park Bonds (including Unlimited Tax Park Refunding Bonds)	$7,700,000
Total Principal Amount of Unlimited Tax Bonds Issued to Date	$9,915,000 (a)
Debt Service Tax Limitation	Unlimited
Maintenance Tax Limitation	$1.50
Road Maintenance Tax Limitation	$0.25
Contract Tax Limitation	Unlimited
Gross Outstanding Direct Debt	$9,535,000 (a)
2026 Taxable Appraised Valuation	$131,529,432 (b)
2026 Appraised Valuation	$131,529,432 (b)
Estimated Taxable Appraised Valuation as of August 1, 2026	$167,091,944 (c)
Estimated Appraised Valuation as of August 1, 2026	$167,091,944 (c)
Estimated Appraised Valuation as of August 1, 2026 as a Percentage of Service Area's Estimated Appraised Valuation as of August 1, 2026	7.65%
Contract Payment Funds Available as of October 12, 2026	$0
Average Annual Debt Service:	
Pro Rata Share of Contract Revenue Debt Service (2027-2053), Based upon the Estimated Appraised Valuation as of August 1, 2026	$1,098,088
Direct Debt Service (2027-2052)	$ 630,182
Maximum Annual Debt Service:	
Pro Rata Share of Contract Revenue Debt Service (2028), Based upon the Estimated Appraised Valuation as of August 1, 2026	$1,489,018
Direct Debt Service (2050)	$ 685,713

	Tax Rate Based Upon the Estimated Appraised Valuation as of August 1, 2026
Contract Tax and Direct Debt Service Tax Required to Pay Pro Rata Share of Debt Service:	
Average Annual Debt Service:	
Contract Revenue Debt Service (2027-2053)	$0.70
Direct Debt Service (2026-2050)	$0.40
Maximum Annual Debt Service:	
Contract Revenue Debt Service (2028)	$0.94
Direct Debt Service (2050)	$0.44

Status of Development as of September 30, 2026:

Acreage	399
Developed Commercial Acreage	114
Total Developed Rental Lots (22 Occupied)	22 (d)
Estimated Population	77 (e)

(a) Includes $2,230,000 principal amount of unlimited tax bonds the District, in its capacity as a Participant, sold on October 20, 2026 and expected to be issued on November 19, 2026.

(b) Includes approximately $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").

(c) Provided by the Appraisal District as an estimate of the taxable and appraised value as of August 1, 2026.

(d) Consists of 22 lots for single-family rental homes constructed on approximately 2 acres.

(e) Based on 3.5 persons per occupied single-family residence.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable appraised value of such property as a percentage of the certified portion ($113,032,749) of the 2026 Taxable Appraised Valuation. Principal taxpayer lists related to the uncertified portion of the 2026 Taxable Appraised Valuation ($18,496,683) and the Estimated Taxable Appraised Valuation as of August 1, 2026, of $166,091,944, are not currently available.

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

Tax Rate Distribution

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

Historical Tax Collections

Tax Year	Taxable Value (a)	Tax Rate	Total Tax Levy	Tax Collections as of September 30, 2026 (b)	
				Amount	Percent
2021	$ 13,766,136	$ 1.39	$ 191,349	$ 191,349	100.00%
2022	28,355,372	1.39	394,140	394,140	100.00%
2023	51,965,247	1.39	722,317	722,317	100.00%
2024	68,302,043	1.39	949,398	949,398	100.00%
2025	112,763,267	1.39	1,567,409	1,566,846	99.96%
2026	131,529,432	1.39	1,828,259	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted.
(b) Unaudited.
(c) In the process of collections. Taxes for 2026 are due by January 31, 2027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 457

Voter Authorized Unlimited Tax Bonds (including Unlimited Tax Refunding Bonds)	$192,090,000	
Voter Authorized Unlimited Tax Road Bonds (including Unlimited Tax Road Refunding Bonds)	$58,465,000	
Voter Authorized Unlimited Tax Park Bonds (including Unlimited Tax Park Refunding Bonds)	$70,240,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date	$58,555,000	
Debt Service Tax Limitation	Unlimited	
Maintenance Tax Limitation	$1.50	
Road Maintenance Tax Limitation	$0.25	
Contract Tax Limitation	Unlimited	
Gross Outstanding Direct Debt	$49,595,000	
2026 Taxable Appraised Valuation	$834,481,334	(a)
2026 Appraised Valuation	$842,251,637	(a)
Estimated Taxable Appraised Valuation as of August 1, 2026	$844,992,911	(b)
Estimated Appraised Valuation as of August 1, 2026	$852,763,214	(b)
Estimated Appraised Valuation as of August 1, 2026 as a Percentage of Service Area's Estimated Appraised Valuation as of August 1, 2026	39.06%	
Contract Payment Funds Available as of October 12, 2026	$148,614	
Average Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2027-2053), Based upon the Estimated Appraised Valuation as of August 1, 2026	$5,606,243	
Direct Debt Service (2027-2049)	$3,026,239	
Maximum Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2028), Based upon the Estimated Appraised Valuation as of August 1, 2026	$7,602,122	
Direct Debt Service (2027)	$3,517,528	

	Tax Rate Based Upon the Estimated Appraised Valuation as of August 1, 2026
Contract Tax and Direct Debt Service Tax Required to Pay Pro Rata Share of Debt Service:	
Average Annual Debt Service:	
Contract Revenue Debt Service (2027-2053)	$0.70
Direct Debt Service (2027-2049)	$0.38
Maximum Annual Debt Service:	
Contract Revenue Debt Service (2028)	$0.94
Direct Debt Service (2027)	$0.44

Status of Development as of September 30, 2026:

Acreage	1,102	
Total Developed Lots	1,971	
Total Completed Homes (1,945 Occupied and 26 Unoccupied)	1,971	
Total Homes Under Construction or in a Builder's Name	0	
Estimated Population	6,808	(c)
Developed Commercial Acreage	42	

(a) The Appraisal District has certified $804,893,133 of taxable value and $812,663,436 of appraised value for 2026. An additional $29,588,201 of value remains uncertified and subject to review and downward revision or adjustment prior to certification.

(b) Provided by the Appraisal District as an estimate of the taxable and appraised value as of August 1, 2026. Optional exemptions granted by the Participants are not available in connection with the estimate of appraised value as of August 1, 2026. The estimated appraised value for MUD 457 includes the 2026 value associated with optional exemptions granted by MUD 457.

(c) Based on 3.5 persons per occupied single-family residence.

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable appraised value of such property as a percentage of the certified portion ($804,893,133) of the 2026 Taxable Appraised Valuation. Principal taxpayer lists related to the uncertified portion ($29,588,201) of the 2026 Taxable Appraised Valuation and the Estimated Taxable Appraised Valuation as of August 1, 2026, of $844,992,911, are not currently available.

	2026 Taxable Certified	
Taxpayer	Assessed Value	Assessed Value (%)
Navidad Holdings Katy LLC	$ 8,534,017	1.06%
Navidad Professional Holdings LLC	5,550,574	0.69%
C3 Katy Ventures Ltd.	4,410,088	0.55%
Elyson Place LLC	3,757,326	0.47%
Landmark Industries	3,331,411	0.41%
Magnolia Prep Prop LLC	3,284,813	0.41%
Centerpoint Energy Houston Electric	2,789,940	0.35%
Cook CRE VIII LLC	3,720,456	0.46%
KAA Great Minds Corp.	2,240,623	0.28%
Centerpoint Energy Entex	1,972,920	0.25%
Total	$ 39,592,168	4.92%

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$0.4325	$ 0.3800	$ 0.4000	$ 0.4100	$ 0.3800
Maintenance & Operations	0.2325	0.2308	0.2250	0.2436	0.3200
Contract Tax	0.8100	0.8050	0.7850	0.7600	0.7300
Total	$ 1.4750	$ 1.4158	$ 1.4100	$ 1.4136	$ 1.4300

Historical Tax Collections

Tax	Taxable	Tax	Total	Tax Collections as of September 30, 2026 (b)	
Year	Value (a)	Rate	Tax Levy	Amount	Percent
2021	$ 481,306,928	$ 1.5000	$ 7,219,604	$ 7,217,792	99.97%
2022	722,068,373	1.4300	10,325,578	10,303,921	99.79%
2023	853,920,951	1.4136	12,071,026	12,051,468	99.84%
2024	858,819,723	1.4100	12,109,358	12,086,633	99.81%
2025	860,973,972	1.4158	12,189,670	12,102,657	99.29%
2026	834,481,334	1.4750	12,308,600	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted.
(b) Unaudited.
(c) In the process of collections. Taxes for 2026 are due by January 31, 2027

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 458

Voter Authorized Unlimited Tax Bonds (including Unlimited Tax Refunding Bonds)	$158,180,000	
Voter Authorized Unlimited Tax Road Bonds (including Unlimited Tax Road Refunding Bonds)	$73,910,000	
Voter Authorized Unlimited Tax Park Bonds (including Unlimited Tax Park Refunding Bonds)	$29,855,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date	$12,100,000	(a)
Debt Service Tax Limitation	Unlimited	
Maintenance Tax Limitation	$1.50	
Road Maintenance Tax Limitation	$0.25	
Contract Tax Limitation	Unlimited	
Gross Outstanding Direct Debt	$12,000,000	(a)
2026 Taxable Appraised Valuation	$236,589,475	(b)
2026 Appraised Valuation	$236,589,475	(b)
Estimated Taxable Appraised Valuation as of August 1, 2026	$222,064,152	(c)
Estimated Appraised Valuation as of August 1, 2026	$222,064,152	(c)
Estimated Appraised Valuation as of August 1, 2026 as a Percentage of Service Area's Estimated Appraised Valuation as of August 1, 2026	10.17%	
Contract Payment Funds Available as of October 12, 2026	$3,639	
Average Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2027-2053), Based upon the Estimated Appraised Valuation as of August 1, 2026	$1,459,896	
Direct Debt Service (2027-2053)	$ 816,686	
Maximum Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2028), Based upon the Estimated Appraised Valuation as of August 1, 2026	$1,979,634	
Direct Debt Service (2052)	$ 843,738	

	Tax Rate Based Upon the Estimated Appraised Valuation as of August 1, 2026
Contract Tax and Direct Debt Service Tax Required to Pay Pro Rata Share of Debt Service:	
Average Annual Debt Service:	
Contract Revenue Debt Service (2027-2053)	$0.70
Direct Debt Service (2027-2052)	$0.39
Maximum Annual Debt Service:	
Contract Revenue Debt Service (2028)	$0.94
Direct Debt Service (2052)	$0.40

Status of Development as of September 30, 2026:

Acreage	589	
Total Developed Traditional Single-Family Residential Lots	145	
Total Developed Rental Lots	148	(d)
Total Completed Homes (182 Occupied and 0 Unoccupied)	182	
Total Homes Under Construction or in a Builder's Name	54	(e)
Vacant Developed Lots	57	
Estimated Population	637	(f)
Developed Commercial Acreage	195	

(a) Includes approximately $3,000,000 principal amount of unlimited tax bonds that MUD 458 expects to issue in the fourth quarter of 2026.

(b) Includes approximately $189,276,220 of certified value and $47,313,255 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").

(c) Provided by the Appraisal District as an estimate of the taxable and appraised value as of August 1, 2026.

(d) Consists of 126 lots for single-family rental homes and 13 lots (26 units) for duplex rental homes constructed on approximately 16 acres.

(e) Includes single-family residential and single-family rental homes under construction.

(f) Based on 3.5 persons per occupied single-family and rental residence.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable appraised value of such property as a percentage of the certified portion ($189,276,220) of the 2026 Taxable Appraised Valuation. Principal taxpayer lists related to the uncertified portion ($47,313,255) of the 2026 Taxable Appraised Valuation and the Estimated Taxable Appraised Valuation as of August 1, 2026, of $222,064,152, are not currently available.

	2026 Taxable Certified	
Taxpayer	Assessed Value	Assessed Value (%)
GCW Distribution LLC	$ 97,567,030	51.55%
Katy BFR Owner LP	35,816,075	18.92%
Southeastern Freight Lines Inc.	19,723,943	10.42%
NASH FM529	7,179,787	3.79%
PPE GCW LP	6,643,304	3.51%
PPE GCW II LLC	5,169,597	2.73%
Cypress Residential Partners Ltd.	4,875,210	2.58%
Brookfield Elyson Homes LLC	2,905,326	1.53%
Weekley Homes LLC	2,761,396	1.46%
Centerpoint Energy Houston Electric	1,633,453	0.86%
Total	$ 184,275,121	97.36%

Tax Rate Distribution

	2026 (a)	2025	2024	2023	2022
Debt Service	$ 0.240	$ 0.030	$ -	$ -	$ -
Maintenance & Operations	0.185	0.365	0.450	0.760	0.510
Contract Tax	0.775	0.805	0.730	0.420	0.670
Total	$ 1.200	$ 1.200	$ 1.180	$ 1.180	$ 1.180

(a) MUD 458 levied a total tax rate of $1.200 per $100 of taxable assessed valuation for the 2026 tax year. MUD 458 may consider reallocation of the debt service and maintenance and operations tax components after its expected bond issuance in the fourth quarter of 2026.

Historical Tax Collections

Tax Year	Taxable Value (a)	Tax Rate	Total Tax Levy	Tax Collections as of September 30, 2026 (b) Amount	Percent
2022	$ 25,805,742	$ 1.18	$ 304,508	$ 304,508	100.00%
2023	37,649,059	1.18	444,259	444,259	100.00%
2024	72,837,965	1.18	859,488	859,488	100.00%
2025	141,987,682	1.20	1,703,852	1,703,852	100.00%
2026	236,589,475	1.20	2,839,074	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted.
(b) Unaudited.
(c) In the process of collections. Taxes for 2026 are due by January 31, 2027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 532

Voter Authorized Unlimited Tax Bonds	$75,000,000	
Voter Authorized Unlimited Tax Road Bonds	$50,000,000	
Voter Authorized Unlimited Tax Park Bonds	$19,000,000	
Voter Authorized Unlimited Tax Refunding Bonds	$75,000,000	
Voter Authorized Unlimited Tax Road Refunding Bonds	$50,000,000	
Voter Authorized Unlimited Tax Park Refunding Bonds	$19,000,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date	$12,480,000	(a)
Debt Service Tax Limitation	Unlimited	
Maintenance Tax Limitation	$1.50	
Road Maintenance Tax Limitation	$0.25	
Contract Tax Limitation	Unlimited	
Gross Outstanding Direct Debt	$12,480,000	(a)
2026 Taxable Appraised Valuation	$170,588,749	(b)
2026 Appraised Valuation	$170,588,749	(b)
Estimated Taxable Appraised Valuation as of August 1, 2026	$252,233,113	(c)
Estimated Appraised Valuation as of August 1, 2026	$252,233,113	(c)
Estimated Appraised Valuation as of August 1, 2026 as a Percentage of Service Area's Estimated Appraised Valuation as of August 1, 2026	11.55%	
Contract Payment Funds Available as of September 23, 2026	$62,921	
Average Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2027-2053), Based upon the Estimated Appraised Valuation as of August 1, 2026	$1,658,233	
Direct Debt Service (2027-2053)	$ 840,649	
Maximum Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2028), Based upon the Estimated Appraised Valuation as of August 1, 2026	$2,248,581	
Direct Debt Service (2052)	$ 886,731	

	Tax Rate Based Upon the Estimated Appraised Valuation as of August 1, 2026
Contract Tax and Direct Debt Service Tax Required to Pay Pro Rata Share of Debt Service:	
Average Annual Debt Service:	
Contract Revenue Debt Service (2027-2053)	$0.70
Direct Debt Service (2027-2053)	$0.36
Maximum Annual Debt Service:	
Contract Revenue Debt Service (2028)	$0.94
Direct Debt Service (2031)	$0.38

Status of Development as of September 30, 2026:

Acreage	474
Total Developed Lots	864
Total Completed Homes (265 Occupied and 2 Unoccupied)	267
Total Homes Under Construction or in a Builder's Name	159
Vacant Developed Lots	438
Lots Under Construction	82
Estimated Population	928 (d)

(a) Includes approximately$6,500,000 principal amount of unlimited tax bonds that MUD 532 expects to issue on October 29, 2026.

(b) Includes approximately $88,970,729 of certified value and $81,618,020 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").

(c) Provided by the Appraisal District as an estimate of the taxable and appraised value as of August 1, 2026.

(d) Based on 3.5 persons per occupied single-family residence.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable appraised value of such property as a percentage of the certified portion ($88,970,729) of the 2026 Taxable Appraised Valuation. Principal taxpayer lists related to the uncertified portion ($81,618,020) of the 2026 Taxable Appraised Valuation and the Estimated Taxable Appraised Valuation as of August 1, 2026, of $252,233,113, are not currently available.

	2026 Taxable Certified	
Taxpayer	Assessed Value	Assessed Value (%)
NASH FM529 LLC	$ 4,903,826	5.51%
Texas Petroleum Group LLC	4,382,989	4.93%
Newmark Homes Houston LLC	3,199,205	3.60%
Highland Homes Houston LLC	3,138,313	3.53%
Toll Southwest LLC	1,563,677	1.76%
Homeowner	954,430	1.07%
Homeowner	868,721	0.98%
Homeowner	841,226	0.95%
Homeowner	825,005	0.93%
Homeowner	819,705	0.92%
Total	$ 21,497,097	24.16%

Tax Rate Distribution

	2026 (a)	2025	2024	2023	2022
Debt Service	$ 0.07	$ -	$ -	$ -	$ -
Maintenance & Operations	0.64	1.01	0.72	0.75	0.76
Contract Tax	0.79	0.49	0.78	0.75	0.74
Total	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 1.50

(a) The District has authorized publication of its intent to levy a total tax rate of $1.50 per $100 taxable valuation in October 2026.

Historical Tax Collections

Tax	Taxable	Tax	Total	Tax Collections as of August 31, 2026 (b)	
Year	Value (a)	Rate	Tax Levy	Amount	Percent
2022	$ 14,473,648	$ 1.50	$ 217,105	$ 217,105	100.00%
2023	14,567,842	1.50	218,518	218,518	100.00%
2024	14,159,817	1.50	212,397	212,397	100.00%
2025	40,754,550	1.50	611,318	559,150	91.47%
2026	170,588,749	1.50	2,558,831	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted.
(b) Unaudited.
(c) The District has authorized publication of its intent to levy a total tax rate of $1.50 per $100 taxable valuation in October 2026.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 533

Voter Authorized Unlimited Tax Bonds	$85,000,000	
Voter Authorized Unlimited Tax Road Bonds	$65,000,000	
Voter Authorized Unlimited Tax Park Bonds	$50,000,000	
Voter Authorized Unlimited Tax Refunding Bonds	$85,000,000	
Voter Authorized Unlimited Tax Road Refunding Bonds	$65,000,000	
Voter Authorized Unlimited Tax Park Refunding Bonds	$50,000,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date	$0	
Debt Service Tax Limitation	Unlimited	
Maintenance Tax Limitation	$1.50	
Road Maintenance Tax Limitation	$0.25	
Contract Tax Limitation	Unlimited	
Gross Outstanding Direct Debt	$0	
2026 Taxable Appraised Valuation	$6,919,987	(a)
2026 Appraised Valuation	$6,919,987	(a)
Estimated Taxable Appraised Valuation as of August 1, 2026	$27,071,291	(b)
Estimated Appraised Valuation as of August 1, 2026	$27,071,291	(b)
Estimated Appraised Valuation as of August 1, 2026 as a Percentage of Service Area's Estimated Appraised Valuation as of August 1, 2026	1.24%	
Contract Payment Funds Available as of September 23, 2026	$0	(c)
Average Annual Debt Service: Pro Rata Share of Contract Revenue Debt Service (2027-2053), Based upon the Estimated Appraised Valuation as of August 1, 2026	$177,972	
Maximum Annual Debt Service: Pro Rata Share of Contract Revenue Debt Service (2028), Based upon the Estimated Appraised Valuation as of August 1, 2026	$241,332	

	Tax Rate Based Upon the Estimated Appraised Valuation as of August 1, 2026
Contract Tax, Required to Pay Pro Rata Share of Contract Revenue Debt Service:	
Average Annual Debt Service (2027-2053):	$0.70
Maximum Annual Debt Service (2028):	$0.94

Status of Development as of September 30, 2026:

Acreage	476
Total Developed Lots	41
Total Completed Homes	0
Total Homes Under Construction or in a Builder's Name	29
Vacant Developed Lots	12
Lots Under Construction	150

(a) Includes approximately $6,561,606 of certified value and $358,381 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").
(b) Provided by the Appraisal District as an estimate of the taxable and appraised value as of August 1, 2026.
(c) MUD 533's 2024 and 2025 Contract Payments were paid with operating funds comprised of funds advanced by NASH FM 529.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable appraised value of such property as a percentage of the certified portion ($6,561,606) of the 2026 Taxable Appraised Valuation. Principal taxpayer lists related to the uncertified portion ($358,381) of the 2026 Taxable Appraised Valuation and the Estimated Taxable Appraised Valuation as of August 1, 2026, of $27,071,291, are not currently available.

	2026 Taxable Certified	
Taxpayer	Assessed Value	Assessed Value (%)
NASH FM 529 LLC	$ 5,417,964	82.571%
Newmark Homes Houston LLC	391,507	5.967%
Perry Homes LLC	391,108	5.961%
Highland Homes Houston LLC	330,502	5.037%
Director Lot	30,124	0.459%
Director Lot	80	0.001%
Director Lot	80	0.001%
Director Lot	80	0.001%
Director Lot	80	0.001%
Total	$ 6,561,525	100.00%

Tax Rate Distribution

	2026 (a)	2025 (b)	2024	2023 (c)
Debt Service	$ -	$ -	$ -	$ -
Maintenance & Operations	1.50	1.50	0.08	1.15
Contract Tax	-	-	1.42	0.35
Total	$ 1.50	$ 1.50	$ 1.50	$ 1.50

(a) The District has authorized publication of its intent to levy a total tax rate of $1.50 per $100 taxable valuation in October 2026.
(b) MUD 533 has a credit balance with the Master District for past Contract Payments and therefore did not levy a Contract Tax for 2025.
(c) Initial year of taxation.

Historical Tax Collections

Tax Year	Taxable Value (b)	Tax Rate	Total Tax Levy	Tax Collections as of August 31, 2026 (c)	
				Amount	Percent
2023 (a)	$ 53,433	$ 1.50	$ 801	$ 801	100.00%
2024 (a)	65,659	1.50	985	985	100.00%
2025 (a)	3,682,668	1.50	55,240	55,240	100.00%
2026 (a)	6,919,987	1.50	103,800	(d)	(d)

(a) MUD 533's 2023 and 2024 Contract Payments were paid with operating funds comprised of funds advanced by NASH FM 529. MUD 533 has a credit balance with the Master District for past Contract Payments and therefore did not levy a Contract Tax for 2025.
(b) As certified by the Appraisal District less any exemptions granted.
(c) Unaudited.
(d) The District has authorized publication of its intent to levy a total tax rate of $1.50 per $100 taxable valuation in October 2026.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 534

Voter Authorized Unlimited Tax Bonds	$115,000,000	
Voter Authorized Unlimited Tax Road Bonds	$70,000,000	
Voter Authorized Unlimited Tax Park Bonds	$24,000,000	
Voter Authorized Unlimited Tax Refunding Bonds	$115,000,000	
Voter Authorized Unlimited Tax Road Refunding Bonds	$70,000,000	
Voter Authorized Unlimited Tax Park Refunding Bonds	$24,000,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date	$52,145,000	(a)
Debt Service Tax Limitation	Unlimited	
Maintenance Tax Limitation	$1.50	
Road Maintenance Tax Limitation	$0.25	
Contract Tax Limitation	Unlimited	
Gross Outstanding Direct Debt	$50,585,000	(a)
2026 Taxable Appraised Valuation	$647,636,418	(b)
2026 Appraised Valuation	$649,046,418	(b)
Estimated Taxable Appraised Valuation as of August 1, 2026	$660,760,889	(c)
Estimated Appraised Valuation as of August 1, 2026	$662,170,889	(c)
Estimated Appraised Valuation as of August 1, 2026 as a Percentage of Service Area's Estimated Appraised Valuation as of August 1, 2026	30.33%	
Contract Payment Funds Available as of September 23, 2026	$76,398	
Average Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2027-2053), Based upon the Estimated Appraised Valuation as of August 1, 2026	$4,353,249	
Direct Debt Service (2027-2053)	$3,174,303	
Maximum Annual Debt Service:		
Pro Rata Share of Contract Revenue Debt Service (2028), Based upon the Estimated Appraised Valuation as of August 1, 2026	$5,903,050	
Direct Debt Service (2028)	$3,620,606	

	Tax Rate Based Upon the Estimated Appraised Valuation as of August 1, 2026
Contract Tax, Required to Pay Pro Rata Share of Debt Service:	
Average Annual Debt Service:	
Contract Revenue Debt Service (2027-2053)	$0.70
Direct Debt Service (2027-2053)	$0.51
Maximum Annual Debt Service:	
Contract Revenue Debt Service (2028)	$0.94
Direct Debt Service (2028)	$0.58

Status of Development as of September 30, 2026:

Acreage	559	
Total Developed Lots	1,527	
Total Completed Homes (1,362 Occupied and 12 Unoccupied)	1,374	
Total Homes Under Construction or in a Builder's Name	82	
Vacant Developed Lots	71	
Estimated Population	4,767	(d)

(a) Includes approximately $2,500,000 principal amount of unlimited tax bonds that MUD 534 expects to issue on October 29, 2026.
(b) The Appraisal District has certified $627,58,457 of appraised value for 2026. An additional $20,077,961of appraised value remains uncertified and subject to review and downward revision or adjustment prior to certification.
(c) Provided by the Appraisal District as an estimate of the taxable and appraised value as of August 1, 2026. Optional exemptions granted by the Participants are not available in connection with the estimate of appraised value as of August 1, 2026. The estimated appraised value for MUD 534 includes the 2026 value associated with optional exemptions granted by MUD 534.
(d) Based upon 3.5 persons per occupied single-family residence.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable appraised value of such property as a percentage of the certified portion ($627,558,457) of the 2026 Taxable Appraised Valuation. Principal taxpayer lists related to the uncertified portion ($20,077,961) of the 2026 Taxable Appraised Valuation and the Estimated Taxable Appraised Valuation as of August 1, 2026, of $660,760,889, are not currently available.

	2026 Taxable Certified	
Taxpayer	Assessed Value	Assessed Value (%)
NASH FM529 LLC	$ 4,771,411	0.76%
Chesmar Homes LLC	4,388,213	0.70%
Beazer Homes of Texas	3,747,195	0.60%
Siuan Partners LLC	2,926,016	0.47%
Brookfield Elyson Homes LLC	2,234,066	0.36%
Westin Homes & Properties LP	1,979,477	0.32%
Highland Homes Houston LLC	1,946,983	0.31%
Perry Homes LLC	1,294,191	0.21%
JCCB Interests Holdco LLC	1,146,124	0.18%
Homeowner	1,069,102	0.17%
Total	$ 25,502,778	4.08%

Tax Rate Distribution

	2026 (a)	2025	2024	2023	2022
Debt Service	$ 0.550	$ 0.500	$ 0.510	$ 0.220	$ -
Maintenance & Operations	0.140	0.200	0.215	0.500	0.760
Contract Tax	0.810	0.800	0.775	0.780	0.740
Total	$ 1.500	$ 1.500	$ 1.500	$ 1.500	$ 1.500

(a) The District has authorized publication of its intent to levy a total tax rate of $1.50 per $100 taxable valuation in October 2026.

Historical Tax Collections

Tax	Taxable	Tax	Total	Tax Collections as of August 31, 2026 (b)	
Year	Value (a)	Rate	Tax Levy	Amount	Percent
2021	$ 13,778,328	$ 1.50	$ 206,675	$ 206,675	100.00%
2022	47,443,689	1.50	711,655	711,655	100.00%
2023	215,546,153	1.50	3,233,192	3,233,134	99.99%
2024	368,730,125	1.50	5,531,042	5,530,265	99.99%
2025	555,200,512	1.50	8,328,008	8,213,922	98.63%
2026	647,636,418	1.50	9,714,546	(c)	(c)

(a) As certified by the Appraisal District less any exemptions granted.
(b) Unaudited.
(c) The District has authorized publication of its intent to levy a total tax rate of $1.50 per $100 taxable valuation in October 2026.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE YEAR ENDED DECEMBER 31, 2025
AUDITED FINANCIAL STATEMENTS OF MUD 457 FOR THE YEAR ENDED DECEMBER 31, 2025
AUDITED FINANCIAL STATEMENTS OF MUD 458 FOR THE YEAR ENDED DECEMBER 31, 2025
AUDITED FINANCIAL STATEMENTS OF MUD 532 FOR THE YEAR ENDED DECEMBER 31, 2025
ANNUAL FINANCIAL REPORT OF MUD 533 FOR THE YEAR ENDED DECEMBER 31, 2025
AUDITED FINANCIAL STATEMENTS OF MUD 534 FOR THE YEAR ENDED DECEMBER 31, 2025

The information contained in this appendix includes the Independent Auditor's Reports and Financial Statements of the District, MUD 457, MUD 458, MUD 532 and MUD 534 for the fiscal year ended December 31, 2025. The Texas Water Code did not require audited financial statements for MUD 533, for fiscal year ended December 31, 2025; however, an annual financial report for the fiscal year ended December 31, 2025 was prepared by the MUD 533 bookkeeper and included herein.

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

		Program Revenue		Net Revenue (Expense) and Changes in Net Position		
				Primary Government		
	Expenses	Charges for Services	Charges for Regional Services	Governmental Activities	Business-Type Activities	Total
Government/Programs						
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

Harris County Municipal Utility District No. 457

Harris County, Texas

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

December 31, 2025

Harris County Municipal Utility District No. 457
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December 31, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 457
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 457 (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

Houston, Texas
May 7, 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).

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	$ 17,186,091	$ 17,257,112
Capital assets	9,978,227	10,243,545
Total assets	$ 27,164,318	$ 27,500,657
Long-term liabilities	$ 50,227,142	$ 52,033,835
Other liabilities	921,920	1,315,475
Total liabilities	51,149,062	53,349,310
Deferred inflows of resources	12,212,659	12,136,099
Net position		
Net investment in capital assets	(5,899,688)	(7,360,655)
Restricted	1,041,901	948,518
Unrestricted	(31,339,616)	(31,572,615)
Total net position	$ (36,197,403)	$ (37,984,752)

The total net position of the District increased by $1,787,349, or about 5%. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown

as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2025	2024
Revenues		
Property taxes	$ 12,107,019	$ 12,064,548
Charges for services	2,490,664	2,356,564
Other revenues	454,754	533,574
Total revenues	15,052,437	14,954,686
Expenses		
Services	4,519,435	4,528,455
Depreciation	265,318	265,318
Debt service	1,770,038	1,856,900
Contractual obligation	6,710,297	6,691,795
Total expenses	13,265,088	13,342,468
Change in net position	1,787,349	1,612,218
Net position, beginning of year	(37,984,752)	(39,596,970)
Net position, end of year	$ (36,197,403)	$ (37,984,752)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2025 were $4,533,715, an increase of $248,942 from the prior year.

The general fund's fund balance increased by $239,663 primarily due to property taxes and services revenues and investment income exceeding service operations expenditures.

The debt service fund's fund balance increased by $5,747 primarily due to property tax revenues, investment income, and penalty and interest income exceeding contracted services expenditures, bond principal and interest requirements, and contractual obligations expenditures.

The capital projects fund's fund balance increased by $3,532 due to investment income exceeding other expenditures.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to sewer service revenues being greater than anticipated, as well as property taxes, water service, and regional water fee revenues, investment income, and professional fees expenditures being less than anticipated. The fund balance as of December 31, 2025 was expected to be $3,036,721, and the actual end-of-year fund balance was $2,949,034.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2025	2024
Water facilities	$ 3,656,109	$ 3,753,429
Wastewater facilities	6,322,118	6,490,116
Total capital assets	$ 9,978,227	$ 10,243,545

During the current year, there were no additions to capital assets.

Since inception, the developer has advanced $115,283 to the District for operations, net of repayments. These advances have been recorded as liabilities in the financial statements.

Debt

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

Long-term debt payable, beginning of year	$ 52,033,835
Decreases in long-term debt	(1,806,693)
Long-term debt payable, end of year	$ 50,227,142

The District's bonds carry an underlying rating of "Baa2" from Moody's Investors Service, Inc. (Moody's). The Series 2019, Road Series 2021, Series 2021, and Series 2022 unlimited tax 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 2020, Road Series 2022, Road Series 2023, and Park Series 2023 unlimited tax bonds carry a "AA" rating from S&P and an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Inc.

At December 31, 2025, the District had $162,670,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District and for refunding such bonds; $64,490,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing park and recreational facilities and for refunding such bonds; and $35,080,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads and for refunding such bonds.

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 bond indebtedness) and the District is dissolved.

Harris County Municipal Utility District No. 457
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 243,510	$ 1,018,911	$ 83	$ 1,262,504	$ -	$ 1,262,504
Short-term investments	2,236,818	1,694,124	93,796	4,024,738	-	4,024,738
Receivables						
Property taxes	1,806,521	9,265,890	-	11,072,411	-	11,072,411
Service accounts	207,473	-	-	207,473	-	207,473
Interfund receivables	198,778	-	-	198,778	(198,778)	-
Due from others	20,565	-	-	20,565	-	20,565
Prepaid expenditures	135,200	-	-	135,200	-	135,200
Operating reserve	463,200	-	-	463,200	-	463,200
Capital assets (net of accumulated depreciation), infrastructure	-	-	-	-	9,978,227	9,978,227
Total Assets	$ 5,312,065	$ 11,978,925	$ 93,879	$ 17,384,869	$ 9,779,449	$ 27,164,318
Liabilities						
Accounts payable	$ 311,099	$ -	$ -	$ 311,099	$ -	$ 311,099
Accrued interest payable	-	-	-	-	564,746	564,746
Customer deposits	46,075	-	-	46,075	-	46,075
Interfund payables	-	198,778	-	198,778	(198,778)	-
Long-term liabilities						
Due within one year	-	-	-	-	1,875,000	1,875,000
Due after one year	-	-	-	-	48,352,142	48,352,142
Total Liabilities	357,174	198,778	-	555,952	50,593,110	51,149,062
Deferred Inflows of Resources						
Deferred property tax revenues	2,005,857	10,289,345	-	12,295,202	(82,543)	12,212,659
Fund Balances/Net Position						
Fund balances						
Nonspendable, prepaid expenditures	135,200	-	-	135,200	(135,200)	-
Restricted						
Unlimited tax bonds	-	1,000,165	-	1,000,165	(1,000,165)	-
Unlimited tax road bonds	-	490,637	-	490,637	(490,637)	-
Water, sewer, and drainage	-	-	93,879	93,879	(93,879)	-
Assigned, operating reserve	463,200	-	-	463,200	(463,200)	-
Unassigned	2,350,634	-	-	2,350,634	(2,350,634)	-
Total fund balances	2,949,034	1,490,802	93,879	4,533,715	(4,533,715)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,312,065	$ 11,978,925	$ 93,879	$ 17,384,869		
Net position						
Net investment in capital assets					(5,899,688)	(5,899,688)
Restricted for debt service					993,618	993,618
Restricted for capital projects					48,283	48,283
Unrestricted					(31,339,616)	(31,339,616)
Total net position					$ (36,197,403)	$ (36,197,403)

Harris County Municipal Utility District No. 457
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,938,449	$ 10,195,098	$ -	$ 12,133,547	$ (26,528)	$ 12,107,019
Water service	506,046	-	-	506,046	-	506,046
Sewer service	985,663	-	-	985,663	-	985,663
Regional water fee	998,955	-	-	998,955	-	998,955
Penalty and interest	28,936	73,373	-	102,309	-	102,309
Tap connection and inspection fees	16,890	-	-	16,890	-	16,890
Investment income	117,544	181,246	3,892	302,682	-	302,682
Other income	-	32,873	-	32,873	-	32,873
Total Revenues	4,592,483	10,482,590	3,892	15,078,965	(26,528)	15,052,437
Expenditures/Expenses						
Service operations						
Purchased services	1,951,800	-	-	1,951,800	-	1,951,800
Regional water authority	1,066,168	-	-	1,066,168	-	1,066,168
Professional fees	168,626	28,196	-	196,822	-	196,822
Contracted services	948,872	124,388	-	1,073,260	-	1,073,260
Repairs and maintenance	164,138	-	-	164,138	-	164,138
Other expenditures	47,586	13,671	360	61,617	-	61,617
Tap connections	5,630	-	-	5,630	-	5,630
Depreciation	-	-	-	-	265,318	265,318
Debt service						
Principal retirement	-	1,850,000	-	1,850,000	(1,850,000)	-
Interest and fees	-	1,750,291	-	1,750,291	19,747	1,770,038
Contractual obligations	-	6,710,297	-	6,710,297	-	6,710,297
Total Expenditures/Expenses	4,352,820	10,476,843	360	14,830,023	(1,564,935)	13,265,088
Excess of Revenues Over Expenditures	239,663	5,747	3,532	248,942	(248,942)	
Change in Net Position					1,787,349	1,787,349
Fund Balances/Net Position						
Beginning of year	2,709,371	1,485,055	90,347	4,284,773	-	(37,984,752)
End of year	$ 2,949,034	$ 1,490,802	$ 93,879	$ 4,533,715	$ -	$ (36,197,403)

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

Harris County Municipal Utility District No. 457 (District) was created by an order of the Texas Commission on Environmental Quality (Commission), effective December 21, 2006, 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 8439 of the Texas 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 other facilities and to provide such facilities and services to the customers of the District. The District also provides solid waste disposal services.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

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

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

December 31, 2026. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

The District conveys ownership of storm sewer and road and paving 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 balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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.	$	9,978,227
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.		82,543
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(564,746)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(50,227,142)
Adjustment to fund balances to arrive at net position.	$	(40,731,118)

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.	$	248,942
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 of depreciation expense in the current period.		(265,318)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.		1,850,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.		(26,528)
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.		(19,747)
Change in net position of governmental activities.	$	1,787,349

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

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

Investments

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

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

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

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

		Maturities in Years			
Type	Amortized Cost	Less Than 1	1–5	6–10	More Than 10
TexPool	$ 4,024,738	$ 4,024,738	$ -	$ -	$ -

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

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

Summary of Carrying Values

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

Carrying value	
Deposits	$ 1,262,504
Investments	4,024,738
Total	$ 5,287,242

Investment Income

Investment income of $302,682 for the year ended December 31, 2025 consisted of interest income.

Note 3. Capital Assets

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

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable			
Water production and distribution facilities	$ 4,368,673	$ -	$ 4,368,673
Wastewater collection and treatment facilities	7,524,964	-	7,524,964
Total capital assets, depreciable	11,893,637	-	11,893,637
Less accumulated depreciation			
Water production and distribution facilities	(615,244)	(97,320)	(712,564)
Wastewater collection and treatment facilities	(1,034,848)	(167,998)	(1,202,846)
Total accumulated depreciation	(1,650,092)	(265,318)	(1,915,410)
Total governmental activities, net	$ 10,243,545	$ (265,318)	$ 9,978,227

Note 4. Long-Term Liabilities

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

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable				
General obligation bonds	$ 53,320,000	$ 1,850,000	$ 51,470,000	$ 1,875,000
Less discounts on bonds	1,401,448	43,307	1,358,141	-
	51,918,552	1,806,693	50,111,859	1,875,000
Developer advances	115,283	-	115,283	-
Total governmental activities long-term liabilities	$ 52,033,835	$ 1,806,693	$ 50,227,142	$ 1,875,000

General Obligation Bonds

	Road Series 2017	Series 2019
Amounts outstanding, December 31, 2025	$3,025,000	$6,780,000
Interest rates	2.00% to 4.00%	2.00% to 4.50%
Maturity dates, serially beginning/ending	September 1, 2026/2042	September 1, 2026/2044
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2023	September 1, 2024

	Series 2020	Road Series 2021
Amounts outstanding, December 31, 2025	$9,495,000	$3,960,000
Interest rates	2.00% to 3.00%	1.00% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2026/2045	September 1, 2026/2047
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2025	September 1, 2026

	Series 2021	Road Series 2022
Amounts outstanding, December 31, 2025	$3,605,000	$3,740,000
Interest rates	2.00% to 4.50%	3.00% to 4.00%
Maturity dates, serially beginning/ending	March 1, 2026/2047	March 1, 2026/2047
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	March 1, 2027	March 1, 2028

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

	Series 2022	Road Series 2023
Amounts outstanding, December 31, 2025	$4,880,000	$10,360,000
Interest rates	4.00% to 5.00%	4.00% to 5.00%
Maturity dates, serially beginning/ending	March 1, 2026/2047	March 1, 2026/2049
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	March 1, 2029	March 1, 2029

	Park Series 2023
Amount outstanding, December 31, 2025	$5,625,000
Interest rates	4.125% to 6.625%
Maturity dates, serially beginning/ending	March 1, 2026/2049
Interest payment dates	March 1/September 1
Callable date*	March 1, 2030

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

Annual Debt Service Requirements

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

Year	Principal	Interest	Total
2026	$ 1,875,000	$ 1,672,819	$ 3,547,819
2027	1,910,000	1,607,527	3,517,527
2028	1,945,000	1,547,307	3,492,307
2029	1,980,000	1,486,313	3,466,313
2030	2,010,000	1,426,835	3,436,835
2031–2035	10,695,000	6,262,805	16,957,805
2036–2040	11,910,000	4,593,045	16,503,045
2041–2045	12,255,000	2,547,673	14,802,673
2046–2049	6,890,000	536,987	7,426,987
Total	$ 51,470,000	$ 21,681,311	$ 73,151,311

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:

Bonds voted	
Water, sewer, and drainage facilities and refunding	$ 192,090,000
Park and recreational facilities and refunding	70,240,000
Road facilities and refunding	58,465,000
Bonds sold	
Water, sewer, and drainage facilities	29,420,000
Park and recreational facilities	5,750,000
Road facilities	23,385,000

Developer Advances

Since inception, the developer has advanced $115,283 to the District for operations, net of repayments. These advances have been recorded as liabilities in the financial statements.

Note 5. Significant Bond Resolution and Commission Requirements

(A) The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay principal and interest on bonds when due. During the year ended December 31, 2025, the District levied an ad valorem debt service tax at the rate of $0.2300 per $100 of assessed valuation for water, sewer, drainage, and park debt service, which resulted in a tax levy of $1,983,975 on the taxable valuation of $862,597,718 for the 2025 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are $2,176,319.

(B) The Road Bond Resolutions require that the District levy and collect an ad valorem road debt service tax sufficient to pay principal and interest 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 $0.1500 per $100 of assessed valuation for road debt service, which resulted in a tax levy of $1,293,897 on the taxable valuation of $862,597,718 for the 2025 tax year. The interest and principal requirements on road bonds to be paid from the tax revenues and available resources are $1,371,500.

(C) In accordance with the Park Series 2023 Bond Resolution, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid. In the current year, the bond interest reserve was fully utilized.

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 $0.2308 per $100 of assessed valuation, which resulted in a tax levy of $1,990,875 on the taxable valuation of $862,597,718 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held November 4, 2014, voters authorized a road facilities maintenance tax not to exceed $0.2500 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 facilities maintenance tax.

Note 7. Contract Taxes

At an election held November 4, 2014, voters authorized the contract (as defined in Note 8) which 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 $0.8050 per $100 of assessed valuation, which resulted in a tax levy of $6,943,911 on the taxable valuation of $862,597,718 for the 2025 tax year. This contract tax is used to pay for its pro rata share of principal and interest on the Harris County Municipal Utility District No. 171's (Master District) contract revenue bonds as described in Note 8.

Note 8. Financing and Operation of Regional Facilities

Effective February 9, 2015 and amended June 12, 2023, the District entered into a 40-year Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities (contract) with the Master District, which sets forth the general terms and conditions pursuant to which the districts share in the joint financing, operation, and use of certain water, sanitary sewer, storm drainage and detention, road, and park facilities that serve the areas within the Master District's service area (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 participant districts that are in existence or will be created within the Master District's service area.

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 acquisition and construction 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 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. During the current year, the District did not pay construction charges to the Master District.

The debt service requirements on all of the Master District's Contract Revenue Bonds outstanding as of December 31, 2025 are as follows:

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

Based on the calculations provided by the Master District's financial advisor, the District's pro rata share of total 2025 assessed valuation is 49.80% and its pro rata share of the 2026 principal and interest requirements of the Master District's bonds is $7,075,842.

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 Master District $3.95 per 1,000 gallons of water pumped from its wells, and the Master District is billing the District for its pro rata portion. 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 in the past three fiscal years.

Required Supplementary Information

Harris County Municipal Utility District No. 457
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 2,066,000	$ 1,938,449	$ (127,551)
Water service	544,000	506,046	(37,954)
Sewer service	812,000	985,663	173,663
Regional water fee	1,096,000	998,955	(97,045)
Penalty and interest	38,000	28,936	(9,064)
Tap connection and inspection fees	-	16,890	16,890
Investment income	152,000	117,544	(34,456)
Other income	750	-	(750)
Total Revenues	4,708,750	4,592,483	(116,267)
Expenditures			
Service operations			
Purchased services	1,955,000	1,951,800	3,200
Regional water authority	1,096,000	1,066,168	29,832
Professional fees	207,400	168,626	38,774
Contracted services	931,000	948,872	(17,872)
Repairs and maintenance	147,000	164,138	(17,138)
Other expenditures	45,000	47,586	(2,586)
Tap connections	-	5,630	(5,630)
Total Expenditures	4,381,400	4,352,820	28,580
Excess of Revenues Over Expenditures	327,350	239,663	(87,687)
Fund Balance, Beginning of Year	2,709,371	2,709,371	-
Fund Balance, End of Year	$ 3,036,721	$ 2,949,034	$ (87,687)

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 fiscal 2025.

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

Supplementary Information

Harris County Municipal Utility District No. 457
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 9–20

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-Term Bonded Debt

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

[X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 457
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	X Security
X 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	10,000	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:	$ 43.00	1,000	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 $ 43.00

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,582	1,566	x1.0	1,566
1"	430	430	x2.5	1,075
1 1/2"	1	1	x5.0	5
2"	44	43	x8.0	344
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	2,059	2,042		3,085
Total wastewater	1,985	1,968	x1.0	1,968

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

Gallons pumped into the system:	245,155
Gallons billed to customers:	245,155
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 457
Schedule of General Fund Expenditures
Year Ended December 31, 2025

Personnel (including benefits)			$ -
Professional Fees			
Auditing	$	26,000	
Legal		79,802	
Engineering		62,824	
Financial advisor		-	168,626
Purchased Services for Resale			
Bulk water and wastewater service purchases			1,951,800
Regional Water Authority			1,066,168
Contracted Services			
Bookkeeping		21,741	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		253,617	
Other contracted services		115,598	390,956
Utilities			-
Repairs and Maintenance			164,138
Administrative Expenditures			
Directors' fees		14,365	
Office supplies		8,079	
Insurance		4,439	
Other administrative expenditures		20,703	47,586
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
Tap Connection Expenditures			5,630
Solid Waste Disposal			557,916
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total Expenditures			$ 4,352,820

Harris County Municipal Utility District No. 457
Schedule of Temporary Investments
December 31, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	3.82%	Demand	$ 2,236,818	$ -
Debt Service Fund				
TexPool	3.82%	Demand	750,320	-
TexPool	3.82%	Demand	490,637	-
TexPool	3.82%	Demand	453,167	-
			1,694,124	-
Capital Projects Fund				
TexPool	3.82%	Demand	93,796	-
Totals			$ 4,024,738	$ -

Harris County Municipal Utility District No. 457
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025

	Maintenance Taxes	Contract Taxes	Road Debt Service Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 1,613,969	$ 5,612,706	$ 1,142,316	$ 1,718,644
Additions and corrections to prior years' taxes	(4,826)	(15,980)	(3,103)	(5,171)
Adjusted Receivable, Beginning of Year	1,609,143	5,596,726	1,139,213	1,713,473
2025 Original Tax Levy	1,946,031	6,787,501	1,264,752	1,939,286
Additions and corrections	44,844	156,410	29,145	44,689
Adjusted tax levy	1,990,875	6,943,911	1,293,897	1,983,975
Total to Be Accounted For	3,600,018	12,540,637	2,433,110	3,697,448
Tax collections: Current year	(199,336)	(695,258)	(129,552)	(198,645)
Prior years	(1,594,161)	(5,552,238)	(1,130,750)	(1,698,862)
Receivable, End of Year	$ 1,806,521	$ 6,293,141	$ 1,172,808	$ 1,799,941
Receivable, by Years				
2025	$ 1,791,539	$ 6,248,653	$ 1,164,345	$ 1,785,330
2024	6,258	21,832	4,450	6,675
2023	3,370	10,515	1,799	3,874
2022	4,846	11,055	2,045	3,710
2021	508	1,086	169	352
Receivable, End of Year	$ 1,806,521	$ 6,293,141	$ 1,172,808	$ 1,799,941

Harris County Municipal Utility District No. 457
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025 **(Continued)**

	2025	2024	2023	2022
Property Valuations				
Land	$ 189,162,631	$ 187,429,247	$ 185,922,616	$ 175,045,141
Improvements	760,944,398	754,835,214	739,153,414	605,680,671
Personal property	17,857,292	14,672,035	11,844,375	9,501,431
Exemptions	(105,366,603)	(96,220,244)	(81,847,216)	(62,700,981)
Total Property Valuations	$ 862,597,718	$ 860,716,252	$ 855,073,189	$ 727,526,262
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.2300	$ 0.2400	$ 0.2800	$ 0.2450
Road debt service tax rates	0.1500	0.1600	0.1300	0.1350
Contract tax rates	0.8050	0.7850	0.7600	0.7300
Maintenance tax rates*	0.2308	0.2250	0.2436	0.3200
Total Tax Rates per $100 Valuation	$ 1.4158	$ 1.4100	$ 1.4136	$ 1.4300
Tax Levy	$ 12,212,658	$ 12,136,099	$ 12,087,315	$ 10,403,626
Percent of Taxes Collected to Taxes Levied**	10%	99%	99%	99%

*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. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025

Due During Fiscal Years Ending December 31	Road Series 2017		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 120,000	$ 114,219	$ 234,219
2027	130,000	110,619	240,619
2028	135,000	106,556	241,556
2029	140,000	102,169	242,169
2030	145,000	97,444	242,444
2031	155,000	92,369	247,369
2032	160,000	86,750	246,750
2033	165,000	80,750	245,750
2034	175,000	74,563	249,563
2035	180,000	68,000	248,000
2036	190,000	60,800	250,800
2037	200,000	53,200	253,200
2038	210,000	45,200	255,200
2039	215,000	36,800	251,800
2040	225,000	28,200	253,200
2041	235,000	19,200	254,200
2042	245,000	9,800	254,800
Totals	$ 3,025,000	$ 1,186,639	$ 4,211,639

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2019		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 235,000	$ 169,069	$ 404,069
2027	245,000	164,368	409,368
2028	260,000	159,469	419,469
2029	270,000	154,269	424,269
2030	280,000	148,869	428,869
2031	295,000	143,268	438,268
2032	310,000	137,369	447,369
2033	320,000	130,781	450,781
2034	335,000	123,582	458,582
2035	350,000	116,043	466,043
2036	365,000	107,732	472,732
2037	385,000	98,606	483,606
2038	400,000	88,500	488,500
2039	420,000	78,000	498,000
2040	440,000	66,450	506,450
2041	460,000	54,350	514,350
2042	480,000	41,700	521,700
2043	500,000	27,900	527,900
2044	430,000	12,900	442,900
Totals	$ 6,780,000	$ 2,023,225	$ 8,803,225

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2020		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 475,000	$ 207,094	$ 682,094
2027	475,000	197,594	672,594
2028	475,000	188,094	663,094
2029	475,000	178,594	653,594
2030	475,000	169,094	644,094
2031	475,000	159,594	634,594
2032	475,000	150,094	625,094
2033	475,000	140,594	615,594
2034	475,000	131,093	606,093
2035	475,000	121,593	596,593
2036	475,000	112,093	587,093
2037	475,000	102,000	577,000
2038	475,000	91,906	566,906
2039	475,000	81,219	556,219
2040	475,000	70,531	545,531
2041	475,000	59,250	534,250
2042	475,000	47,375	522,375
2043	475,000	35,500	510,500
2044	475,000	23,625	498,625
2045	470,000	11,750	481,750
Totals	$ 9,495,000	$ 2,278,687	$ 11,773,687

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Series 2021		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 180,000	$ 63,675	$ 243,675
2027	180,000	57,375	237,375
2028	180,000	55,575	235,575
2029	180,000	53,775	233,775
2030	180,000	51,975	231,975
2031	180,000	50,175	230,175
2032	180,000	48,375	228,375
2033	180,000	46,350	226,350
2034	180,000	44,100	224,100
2035	180,000	41,625	221,625
2036	180,000	39,150	219,150
2037	180,000	36,450	216,450
2038	180,000	33,750	213,750
2039	180,000	30,825	210,825
2040	180,000	27,900	207,900
2041	180,000	24,750	204,750
2042	180,000	21,600	201,600
2043	180,000	18,000	198,000
2044	180,000	14,400	194,400
2045	180,000	10,800	190,800
2046	180,000	7,200	187,200
2047	180,000	3,600	183,600
Totals	$ 3,960,000	$ 781,425	$ 4,741,425

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2021		
	Principal Due March 1	Interest Due March 1, September 1	Total
2026	$ 165,000	$ 86,350	$ 251,350
2027	165,000	80,987	245,987
2028	165,000	77,688	242,688
2029	165,000	74,387	239,387
2030	165,000	71,088	236,088
2031	165,000	67,787	232,787
2032	165,000	64,488	229,488
2033	165,000	61,084	226,084
2034	165,000	57,578	222,578
2035	165,000	53,866	218,866
2036	165,000	49,947	214,947
2037	165,000	45,925	210,925
2038	165,000	41,800	206,800
2039	165,000	37,572	202,572
2040	165,000	33,240	198,240
2041	165,000	28,806	193,806
2042	165,000	24,269	189,269
2043	160,000	19,800	179,800
2044	160,000	15,400	175,400
2045	160,000	11,000	171,000
2046	160,000	6,600	166,600
2047	160,000	2,200	162,200
Totals	$ 3,605,000	$ 1,011,862	$ 4,616,862

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Series 2022		
	Principal Due March 1	Interest Due March 1, September 1	Total
2026	$ 170,000	$ 121,975	$ 291,975
2027	170,000	115,175	285,175
2028	170,000	108,375	278,375
2029	170,000	102,425	272,425
2030	170,000	97,325	267,325
2031	170,000	92,225	262,225
2032	170,000	87,125	257,125
2033	170,000	82,025	252,025
2034	170,000	76,925	246,925
2035	170,000	71,825	241,825
2036	170,000	66,725	236,725
2037	170,000	61,413	231,413
2038	170,000	55,888	225,888
2039	170,000	50,362	220,362
2040	170,000	44,625	214,625
2041	170,000	38,675	208,675
2042	170,000	32,725	202,725
2043	170,000	26,775	196,775
2044	170,000	20,825	190,825
2045	170,000	14,875	184,875
2046	170,000	8,925	178,925
2047	170,000	2,975	172,975
Totals	$ 3,740,000	$ 1,380,188	$ 5,120,188

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2022		
	Principal Due March 1	Interest Due March 1, September 1	Total
2026	$ 225,000	$ 212,600	$ 437,600
2027	225,000	201,350	426,350
2028	225,000	190,100	415,100
2029	225,000	178,850	403,850
2030	225,000	168,725	393,725
2031	225,000	159,725	384,725
2032	225,000	150,725	375,725
2033	225,000	141,725	366,725
2034	220,000	132,825	352,825
2035	220,000	124,025	344,025
2036	220,000	115,088	335,088
2037	220,000	105,875	325,875
2038	220,000	96,387	316,387
2039	220,000	86,625	306,625
2040	220,000	76,725	296,725
2041	220,000	66,825	286,825
2042	220,000	56,788	276,788
2043	220,000	46,613	266,613
2044	220,000	36,437	256,437
2045	220,000	26,125	246,125
2046	220,000	15,675	235,675
2047	220,000	5,225	225,225
Totals	$ 4,880,000	$ 2,395,038	$ 7,275,038

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Series 2023		
	Principal Due March 1	Interest Due March 1, September 1	Total
2026	$ 175,000	$ 426,631	$ 601,631
2027	185,000	417,631	602,631
2028	195,000	408,131	603,131
2029	205,000	398,131	603,131
2030	215,000	388,706	603,706
2031	230,000	379,806	609,806
2032	240,000	370,406	610,406
2033	255,000	360,506	615,506
2034	270,000	350,006	620,006
2035	285,000	338,906	623,906
2036	300,000	327,206	627,206
2037	315,000	314,906	629,906
2038	335,000	301,906	636,906
2039	350,000	288,207	638,207
2040	370,000	273,807	643,807
2041	385,000	258,707	643,707
2042	410,000	242,807	652,807
2043	435,000	225,907	660,907
2044	455,000	207,822	662,822
2045	750,000	182,969	932,969
2046	1,000,000	146,875	1,146,875
2047	1,000,000	105,625	1,105,625
2048	1,000,000	63,750	1,063,750
2049	1,000,000	21,250	1,021,250
Totals	$ 10,360,000	$ 6,800,604	$ 17,160,604

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Park Series 2023		
	Principal Due March 1	Interest Due March 1, September 1	Total
2026	$ 130,000	$ 271,206	$ 401,206
2027	135,000	262,428	397,428
2028	140,000	253,319	393,319
2029	150,000	243,713	393,713
2030	155,000	233,609	388,609
2031	165,000	225,072	390,072
2032	170,000	218,163	388,163
2033	180,000	210,944	390,944
2034	190,000	203,194	393,194
2035	200,000	194,781	394,781
2036	205,000	185,922	390,922
2037	215,000	176,600	391,600
2038	230,000	166,588	396,588
2039	240,000	155,863	395,863
2040	250,000	144,531	394,531
2041	260,000	132,737	392,737
2042	275,000	120,193	395,193
2043	290,000	106,775	396,775
2044	300,000	92,762	392,762
2045	315,000	78,156	393,156
2046	330,000	62,837	392,837
2047	350,000	46,250	396,250
2048	365,000	28,375	393,375
2049	385,000	9,625	394,625
Totals	$ 5,625,000	$ 3,823,643	$ 9,448,643

Harris County Municipal Utility District No. 457
Schedule of Long-Term Debt Service Requirements by Years
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	$ 1,875,000	$ 1,672,819	$ 3,547,819
2027	1,910,000	1,607,527	3,517,527
2028	1,945,000	1,547,307	3,492,307
2029	1,980,000	1,486,313	3,466,313
2030	2,010,000	1,426,835	3,436,835
2031	2,060,000	1,370,021	3,430,021
2032	2,095,000	1,313,495	3,408,495
2033	2,135,000	1,254,759	3,389,759
2034	2,180,000	1,193,866	3,373,866
2035	2,225,000	1,130,664	3,355,664
2036	2,270,000	1,064,663	3,334,663
2037	2,325,000	994,975	3,319,975
2038	2,385,000	921,925	3,306,925
2039	2,435,000	845,473	3,280,473
2040	2,495,000	766,009	3,261,009
2041	2,550,000	683,300	3,233,300
2042	2,620,000	597,257	3,217,257
2043	2,430,000	507,270	2,937,270
2044	2,390,000	424,171	2,814,171
2045	2,265,000	335,675	2,600,675
2046	2,060,000	248,112	2,308,112
2047	2,080,000	165,875	2,245,875
2048	1,365,000	92,125	1,457,125
2049	1,385,000	30,875	1,415,875
Totals	$ 51,470,000	$ 21,681,311	$ 73,151,311

Harris County Municipal Utility District No. 457
Changes in Long-Term Bonded Debt
Year Ended December 31, 2025

	Bond			
	Road Series 2017	**Series 2019**	**Series 2020**	**Road Series 2021**
Interest rates	2.00% to 4.00%	2.00% to 4.50%	2.00% to 3.00%	1.00% to 3.50%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2026/2042	September 1, 2026/2044	September 1, 2026/2045	September 1, 2026/2047
Bonds outstanding, beginning of current year	$ 3,140,000	$ 7,005,000	$ 9,970,000	$ 4,145,000
Retirements, principal	115,000	225,000	475,000	185,000
Bonds outstanding, end of current year	$ 3,025,000	$ 6,780,000	$ 9,495,000	$ 3,960,000
Interest paid during current year	$ 117,669	$ 173,569	$ 221,344	$ 70,150

Paying agent's name and address

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

Bond authority

	Water, Sewer	**Park and Recreational**	**Road and**
Amount authorized by voters	$ 192,090,000	$ 70,240,000	$ 58,465,000
Amount issued	$ 29,420,000	$ 5,750,000	$ 23,385,000
Remaining to be issued	$ 162,670,000	$ 64,490,000	$ 35,080,000

Debt service fund cash and temporary investment balances as of December 31, 2025:	$ 2,713,035
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,047,971

Issues

Series 2021	Road Series 2022	Series 2022	Road Series 2023	Park Series 2023	Totals
2.00% to 4.50%	3.00% to 4.00%	4.00% to 5.00%	4.00% to 5.00%	4.125% to 6.625%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
March 1, 2026/2047	March 1, 2026/2047	March 1, 2026/2047	March 1, 2026/2049	March 1, 2026/2049	
$ 3,770,000	$ 3,910,000	$ 5,105,000	$ 10,525,000	$ 5,750,000	$ 53,320,000
165,000	170,000	225,000	165,000	125,000	1,850,000
$ 3,605,000	$ 3,740,000	$ 4,880,000	$ 10,360,000	$ 5,625,000	$ 51,470,000
$ 93,775	$ 128,775	$ 223,850	$ 435,131	$ 279,653	$ 1,743,916

Harris County Municipal Utility District No. 457
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,

	Amounts				
	2025	**2024**	**2023**	**2022**	**2021**
General Fund					
Revenues					
Property taxes	$ 1,938,449	$ 2,074,510	$ 2,300,574	$ 1,731,091	$ 992,630
Water service	506,046	538,561	611,359	623,511	466,071
Sewer service	985,663	824,530	707,391	601,410	480,583
Regional water fee	998,955	993,473	1,099,872	1,040,417	650,968
Penalty and interest	28,936	36,875	22,411	25,710	12,684
Tap connection and inspection fees	16,890	33,906	71,220	153,731	827,568
Investment income	117,544	136,627	119,236	26,805	524
Other income	-	-	41,381	-	-
Total Revenues	4,592,483	4,638,482	4,973,444	4,202,675	3,431,028
Expenditures					
Service operations					
Purchased services	1,951,800	1,954,800	1,948,320	1,764,120	1,377,250
Regional water authority	1,066,168	1,048,632	1,206,749	1,086,808	665,322
Professional fees	168,626	165,156	98,586	125,718	137,040
Contracted services	948,872	981,854	871,620	641,028	462,499
Repairs and maintenance	164,138	145,748	195,236	240,378	346,892
Other expenditures	47,586	43,327	39,006	76,240	84,671
Tap connections	5,630	18,745	29,373	58,002	317,851
Capital outlay	-	-	-	42,500	-
Total Expenditures	4,352,820	4,358,262	4,388,890	4,034,794	3,391,525
Excess of Revenues Over Expenditures	239,663	280,220	584,554	167,881	39,503
Other Financing Sources					
Interfund transfers in	-	-	42,500	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	239,663	280,220	627,054	167,881	39,503
Fund Balance, Beginning of Year	2,709,371	2,429,151	1,802,097	1,634,216	1,594,713
Fund Balance, End of Year	$ 2,949,034	$ 2,709,371	$ 2,429,151	$ 1,802,097	$ 1,634,216
Total Active Retail Water Connections	2,042	2,050	2,038	2,001	1,902
Total Active Retail Wastewater Connections	1,968	1,976	1,964	1,926	1,827

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
42.2 %	44.7 %	46.3 %	41.2 %	28.9 %
11.0	11.6	12.3	14.8	13.6
21.5	17.8	14.2	14.3	14.0
21.7	21.4	22.1	24.8	19.0
0.6	0.8	0.5	0.6	0.4
0.4	0.7	1.4	3.7	24.1
2.6	3.0	2.4	0.6	0.0
-	-	0.8	-	-
100.0	100.0	100.0	100.0	100.0
42.5	42.1	39.2	42.0	40.1
23.2	22.6	24.3	25.9	19.4
3.7	3.6	2.0	3.0	4.0
20.7	21.2	17.5	15.2	13.5
3.6	3.2	3.9	5.7	10.1
1.0	0.9	0.8	1.8	2.5
0.1	0.4	0.6	1.4	9.3
-	-	-	1.0	-
94.8	94.0	88.3	96.0	98.9
5.2 %	6.0 %	11.7 %	4.0 %	1.1 %

Harris County Municipal Utility District No. 457
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended December 31,

	Amounts				
	2025	**2024**	**2023**	**2022**	**2021**
Debt Service Fund					
Revenues					
Property taxes	$ 10,195,098	$ 9,959,870	$ 7,979,959	$ 5,483,167	$ 3,808,189
Penalty and interest	73,373	55,948	49,183	32,215	28,036
Investment income	181,246	230,091	169,956	27,301	707
Other income	32,873	35,551	13,955	9,081	30
Total Revenues	10,482,590	10,281,460	8,213,053	5,551,764	3,836,962
Expenditures					
Current					
Professional fees	28,196	27,692	12,416	6,954	6,480
Contracted services	124,388	128,249	110,649	88,573	59,856
Other expenditures	13,671	12,544	17,237	7,594	7,796
Debt service					
Principal retirement	1,850,000	1,705,000	1,315,000	965,000	760,000
Interest and fees	1,750,291	1,741,323	1,277,513	829,384	601,878
Contractual obligations	6,710,297	6,691,795	5,206,205	3,752,623	2,615,798
Total Expenditures	10,476,843	10,306,603	7,939,020	5,650,128	4,051,808
Excess (Deficiency) of Revenues Over Expenditures	5,747	(25,143)	274,033	(98,364)	(214,846)
Other Financing Sources					
General obligation bonds issued	-	-	507,422	69,062	201,913
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	5,747	(25,143)	781,455	(29,302)	(12,933)
Fund Balance, Beginning of Year	1,485,055	1,510,198	728,743	758,045	770,978
Fund Balance, End of Year	$ 1,490,802	$ 1,485,055	$ 1,510,198	$ 728,743	$ 758,045

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
97.3 %	96.9 %	97.1 %	98.7 %	99.3 %
0.7	0.5	0.6	0.6	0.7
1.7	2.2	2.1	0.5	0.0
0.3	0.4	0.2	0.2	0.0
100.0	100.0	100.0	100.0	100.0
0.3	0.3	0.2	0.1	0.2
1.2	1.2	1.3	1.6	1.5
0.1	0.1	0.2	0.1	0.2
17.6	16.6	16.0	17.4	19.8
16.7	16.9	15.6	15.0	15.7
64.0	65.1	63.4	67.6	68.2
99.9	100.2	96.7	101.8	105.6
0.1 %	(0.2) %	3.3 %	(1.8) %	(5.6) %

Harris County Municipal Utility District No. 457
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025

Complete District mailing address:	Harris County Municipal Utility District No. 457 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 49.054):		September 12, 2025
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
Luke Vidrine	Appointed 03/24–05/26	$ 3,978	$ 3,279	President
Mark Richardson	Appointed 09/25–05/26	884	58	Vice President
Jorge Diaz	Elected 05/24–05/28	2,873	947	Secretary
Andrew Yu	Appointed 09/25–05/28	1,105	101	Assistant Vice President
Peter Coti	Appointed 12/24–05/28	2,431	436	Assistant Secretary
Jim Robinson	Elected 05/24–06/25	221	36	Resigned
Caleb Burson	Elected 05/22–09/25	2,873	2,642	Resigned

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

Harris County Municipal Utility District No. 457
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	$ 79,802	General Counsel
BGE, Inc.	08/12/14	62,824	Engineer
District Data Services, Inc.	07/26/22	21,742	Bookkeeper
Forvis Mazars, LLP	02/13/17	26,000	Auditor
Harris Central Appraisal District	Legislative Action	93,773	Appraiser
Masterson Advisors LLC	05/14/18	-	Financial Advisor
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/24/17	28,196	Delinquent Tax Attorney
Si Environmental, LLC	05/11/15	282,756	Operator
Utility Tax Service, LLC	05/11/15	43,659	Tax Assessor/ Collector

Investment Officer			
Stephanie Viator	07/26/22	N/A	Bookkeeper

Harris County Municipal Utility District No. 458

Harris County, Texas

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

December 31, 2025

Harris County Municipal Utility District No. 458
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December 31, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 458
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 458 (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

Houston, Texas
May 7, 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).

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	$ 4,688,841	$ 2,333,304
Capital assets	3,478,519	3,351,602
Total assets	$ 8,167,360	$ 5,684,906
Long-term liabilities	$ 15,283,060	$ 11,322,686
Other liabilities	212,643	173,787
Total liabilities	15,495,703	11,496,473
Deferred inflows of resources	1,902,108	867,852
Net position		
Net investment in capital assets	(1,294,742)	(2,808,086)
Restricted	6,813	-
Unrestricted	(7,942,522)	(3,871,333)
Total net position	$ (9,230,451)	$ (6,679,419)

The total net position of the District decreased by $2,551,032, or approximately 38%. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2025	2024
Revenues		
Property taxes	$ 859,487	$ 439,542
Charges for services	235,244	140,577
Other revenues	518,789	746,082
Total revenues	1,613,520	1,326,201
Expenses		
Services	840,118	808,848
Depreciation	72,036	67,088
Conveyance of capital assets	1,881,739	855,532
Debt service	796,793	-
Contractual obligation	573,866	178,174
Total expenses	4,164,552	1,909,642
Change in net position	(2,551,032)	(583,441)
Net position, beginning of year	(6,679,419)	(6,095,978)
Net position, end of year	$ (9,230,451)	$ (6,679,419)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2025 were $2,679,032, an increase of $1,387,367 from the prior year.

The general fund's fund balance increased by $217,720 primarily due to property taxes, services and tap connection and inspection fees revenues, and investment income exceeding service operations and tap connections expenditures.

The debt service fund's fund balance increased by $803,906 primarily due to property tax revenues and proceeds received from the sale of bonds exceeding bond interest requirements and contractual obligation expenditures.

The capital projects fund's fund balance increased by $365,741 primarily due to net proceeds received from the sale of bonds exceeding capital outlay expenditures and debt issuance costs.

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 and sewer service revenues and purchased services, contracted services, and tap connections expenditures being greater than expected, as well as repairs and maintenance expenditures being less than expected. In addition, interfund transfers out were not budgeted. The fund balance as of December 31, 2025 was expected to be $1,502,388, and the actual end-of-year fund balance was $1,509,385.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2025	2024
Land and improvements	$ 562,579	$ 562,579
Water facilities	616,491	609,007
Wastewater facilities	895,232	798,694
Drainage facilities	1,404,217	1,381,322
Total capital assets	$ 3,478,519	$ 3,351,602

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

Sewer and drainage facilities to serve Elyson Square Way and Elyson Center Drive Street Dedication	$ 59,925
Water and sewer facilities to serve Elyson Falls Drive, Section 4 and Prospect Oaks Parkway Street Dedication, Section 1	139,028
Total additions to capital assets	$ 198,953

The developers within the District have constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the cost of these facilities from the proceeds of future bond issues, subject to the approval of the Commission, as applicable, and the terms of the contracts with the developers. As of December 31, 2025, a liability for developer-constructed capital assets of $6,046,994 was recorded in the government-wide financial statements.

Debt

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

Long-term debt payable, beginning of year	$ 11,322,686
Increases in long-term debt	8,827,622
Decreases in long-term debt	(4,867,248)
Long-term debt payable, end of year	$ 15,283,060

At December 31, 2025, the District had $154,670,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District and for refunding such bonds; $29,855,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing park and recreational facilities and for refunding such bonds; and $68,320,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads and for refunding such bonds.

The District's bonds do not carry an underlying rating. The Road Series 2025 and Series 2025 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Inc.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent if the 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 bond indebtedness) and the District is dissolved.

Contingencies

The developers of the District are constructing water, sewer, drainage, and road facilities within the boundaries of the District. The District has agreed to reimburse the developers for these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately $3,949,500. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Economic Dependency

The District's developers own the majority of the taxable property within the District. The District's ability to meet its obligations is dependent on the developers' ability to pay property taxes.

Since inception, a developer has advanced $405,000 to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming fiscal year. These advances have been recorded as liabilities in the government-wide financial statements.

Harris County Municipal Utility District No. 458
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 86,235	$ 115,996	$ 49	$ 202,280	$ -	$ 202,280
Short-term investments	1,380,222	878,712	381,833	2,640,767	-	2,640,767
Receivables						
Property taxes	544,362	1,245,321	-	1,789,683	-	1,789,683
Service accounts	30,811	-	-	30,811	-	30,811
Interfund receivable	112,573	-	-	112,573	(112,573)	-
Prepaid expenditures	20,650	-	-	20,650	-	20,650
Operating reserve	4,650	-	-	4,650	-	4,650
Capital assets (net of accumulated depreciation)						
Land and improvements	-	-	-	-	562,579	562,579
Infrastructure	-	-	-	-	2,915,940	2,915,940
Total Assets	$ 2,179,503	$ 2,240,029	$ 381,882	$ 4,801,414	$ 3,365,946	$ 8,167,360

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 69,860	$ -	$ 16,141	$ 86,001	$ -	$ 86,001
Accrued interest payable	-	-	-	-	104,942	104,942
Customer deposits	21,700	-	-	21,700	-	21,700
Interfund payable	-	112,573	-	112,573	(112,573)	-
Long-term liabilities						
Due within one year	-	-	-	-	100,000	100,000
Due after one year	-	-	-	-	15,183,060	15,183,060
Total Liabilities	91,560	112,573	16,141	220,274	15,275,429	15,495,703
Deferred Inflows of Resources						
Deferred property tax revenues	578,558	1,323,550	-	1,902,108	-	1,902,108
Fund Balances/Net Position						
Fund balances						
Nonspendable, prepaid expenditures	20,650	-	-	20,650	(20,650)	-
Restricted						
Unlimited tax bonds	-	297,964	-	297,964	(297,964)	-
Road bonds	-	505,942	-	505,942	(505,942)	-
Water, sewer, and drainage	-	-	55,674	55,674	(55,674)	-
Roads	-	-	310,067	310,067	(310,067)	-
Assigned to operating reserve	4,650	-	-	4,650	(4,650)	-
Unassigned	1,484,085	-	-	1,484,085	(1,484,085)	-
Total fund balances	1,509,385	803,906	365,741	2,679,032	(2,679,032)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,179,503	$ 2,240,029	$ 381,882	$ 4,801,414		
Net position						
Net investment in capital assets					(1,294,742)	(1,294,742)
Restricted for capital projects					6,813	6,813
Unrestricted					(7,942,522)	(7,942,522)
Total net position					$ (9,230,451)	$ (9,230,451)

Harris County Municipal Utility District No. 458
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 327,770	$ 531,717	$ -	$ 859,487	$ -	$ 859,487
Water service	95,237	-	-	95,237	-	95,237
Sewer service	88,282	-	-	88,282	-	88,282
Regional water fee	51,725	-	-	51,725	-	51,725
Penalty and interest	4,974	5	-	4,979	-	4,979
Tap connection and inspection fees	414,130	-	-	414,130	-	414,130
Investment income	59,854	22,069	7,458	89,381	-	89,381
Other income	-	10,298	1	10,299	-	10,299
Total Revenues	1,041,972	564,089	7,459	1,613,520	-	1,613,520
Expenditures/Expenses						
Service operations						
Purchased services	297,360	-	-	297,360	-	297,360
Regional water authority	56,964	-	-	56,964	-	56,964
Professional fees	123,166	-	-	123,166	9,406	132,572
Contracted services	64,436	18,184	-	82,620	-	82,620
Repairs and maintenance	49,211	-	-	49,211	-	49,211
Other expenditures	16,559	5,812	646	23,017	-	23,017
Tap connections	198,374	-	-	198,374	-	198,374
Capital outlay	-	-	6,960,790	6,960,790	(6,960,790)	-
Depreciation	-	-	-	-	72,036	72,036
Conveyance of capital assets	-	-	-	-	1,881,739	1,881,739
Debt service						
Interest and fees	-	62,591	-	62,591	108,386	170,977
Debt issuance costs	-	-	625,816	625,816	-	625,816
Contractual obligation	-	573,866	-	573,866	-	573,866
Total Expenditures/Expenses	806,070	660,453	7,587,252	9,053,775	(4,889,223)	4,164,552
Excess (Deficiency) of Revenues Over Expenditures	235,902	(96,364)	(7,579,793)	(7,440,255)	4,889,223	
Other Financing Sources (Uses)						
Interfund transfers in (out)	(18,182)	18,182	-	-	-	
General obligation bonds issued	-	882,088	8,217,912	9,100,000	(9,100,000)	
Discount on debt issued	-	-	(272,378)	(272,378)	272,378	
Total Other Financing Sources (Uses)	(18,182)	900,270	7,945,534	8,827,622	(8,827,622)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	217,720	803,906	365,741	1,387,367	(1,387,367)	
Change in Net Position					(2,551,032)	(2,551,032)
Fund Balances/Net Position						
Beginning of year	1,291,665	-	-	1,291,665	-	(6,679,419)
End of year	$ 1,509,385	$ 803,906	$ 365,741	$ 2,679,032	$ -	$ (9,230,451)

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

Harris County Municipal Utility District No. 458 (District) was created by an order of the Texas Commission on Environmental Quality (Commission), effective December 21, 2006, 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 8418 of the Texas 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 other facilities and to provide such facilities and services to the customers of the District. The District may also provide solid waste disposal services.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental fund revenues, expenditures, and changes in fund balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures, and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

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

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

Capital Assets

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

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

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

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$	3,478,519
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(104,942)
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.		(15,283,060)
Adjustment to fund balances to arrive at net position.	$	(11,909,483)

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.	$	1,387,367
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense, conveyance of capital assets, and noncapitalized costs in the current period.		4,997,609
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		272,378
Governmental funds report proceeds from sales of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any affect on net position.		(9,100,000)
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 governmental funds.		(108,386)
Change in net position of governmental activities.	$	(2,551,032)

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

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

Investments

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

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

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

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

		Maturities in Years			
Type	Amortized Cost	Less Than 1	1–5	6–10	More Than 10
TexPool	$ 2,640,767	$ 2,640,767	$ -	$ -	$ -

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

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

Summary of Carrying Values

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

Carrying value	
Deposits	$ 202,280
Investments	2,640,767
Total	$ 2,843,047

Investment Income

Investment income of $89,381 for the year ended December 31, 2025 consisted of interest income.

Note 3. Capital Assets

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

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable			
Land and improvements	$ 562,579	$ -	$ 562,579
Capital assets, depreciable			
Water production and distribution facilities	637,481	22,214	659,695
Wastewater collection and treatment facilities	854,224	119,954	974,178
Drainage facilities	1,464,217	56,785	1,521,002
Total capital assets, depreciable	2,955,922	198,953	3,154,875
Less accumulated depreciation			
Water production and distribution facilities	(28,474)	(14,730)	(43,204)
Wastewater collection and treatment facilities	(55,530)	(23,416)	(78,946)
Drainage facilities	(82,895)	(33,890)	(116,785)
Total accumulated depreciation	(166,899)	(72,036)	(238,935)
Total governmental activities, net	$ 3,351,602	$ 126,917	$ 3,478,519

Note 4. Long-Term Liabilities

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

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable					
General obligation bonds	$ -	$ 9,100,000	$ -	$ 9,100,000	$ 100,000
Less discounts on bonds	-	272,378	3,444	268,934	-
	-	8,827,622	(3,444)	8,831,066	100,000
Developer advances	405,000	-	-	405,000	-
Due to developers	10,917,686	-	4,870,692	6,046,994	-
Total governmental activities long-term liabilities	$ 11,322,686	$ 8,827,622	$ 4,867,248	$ 15,283,060	$ 100,000

General Obligation Bonds

	Road Series 2025	Series 2025
Amounts outstanding, December 31, 2025	$5,590,000	$3,510,000
Interest rates	4.50% to 7.00%	4.00% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2026/2052	September 1, 2027/2052
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

Annual Debt Service Requirements

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

Year	Principal	Interest	Total
2026	$ 100,000	$ 396,256	$ 496,256
2027	170,000	434,545	604,545
2028	185,000	422,969	607,969
2029	195,000	410,368	605,368
2030	200,000	397,095	597,095
2031–2035	1,170,000	1,786,805	2,956,805
2036–2040	1,500,000	1,489,500	2,989,500
2041–2045	1,930,000	1,125,781	3,055,781
2046–2050	2,475,000	638,463	3,113,463
2051–2052	1,175,000	84,550	1,259,550
Total	$ 9,100,000	$ 7,186,332	$ 16,286,332

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.

Bonds voted	
Water, sewer, and drainage facilities and refunding	$ 158,180,000
Park and recreational facilities and refunding	29,855,000
Road facilities and refunding	73,910,000
Bonds sold	
Water, sewer, and drainage facilities	$ 3,510,000
Road facilities	5,590,000

Due to Developers

The developers within the District have constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission, as applicable, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $6,046,994. These amounts have been recorded in the financial statements as long-term liabilities.

Developer Advances

Since inception, a developer has advanced $405,000 to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming year. 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 did not levy an ad valorem debt service tax for the 2025 tax year. The bond interest requirements to be paid from available debt service fund resources are $118,075.

(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 $0.030 per $100 of assessed valuation, which resulted in a tax levy of $47,553 on a taxable valuation of $158,509,008 for the 2025 tax year. The road bond principal and interest requirements to be paid from the road debt service tax revenues and available debt service fund resources are $378,181.

(C) In accordance with the Road Series 2025 and Series 2025 bond resolutions, a portion of the bond proceeds was deposited into 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		$ -
Additions – Interest appropriated from bond proceeds		
Road Series 2025	556,363	
Series 2025	325,725	882,088
Deductions – Appropriation from bond interest paid		
Road Series 2025		62,591
Bond interest reserve, end of year		$ 819,497

Note 6. Maintenance Taxes

At an election held May 9, 2015, 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 $0.365 per $100 of assessed valuation, which resulted in a tax levy of $578,558 on the taxable valuation of $158,509,008 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 9, 2015, voters authorized a road facilities 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 facilities maintenance tax.

Note 7. Contract Taxes

At an election held May 9, 2015, 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 $0.805 per $100 of assessed valuation, which resulted in a tax levy of $1,275,997 on the taxable valuation of $158,509,008 for the 2025 tax year. This contract tax is used to pay for the District's pro rata share of principal and interest on the Harris County Municipal Utility District No. 171 (Master District) contract revenue bonds as described in Note 8.

Note 8. Financing and Operation of Regional Facilities

Effective June 8, 2015 and amended June 12, 2023, the District entered into a 40-year Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities (Contract) with the Master District, which sets forth the general terms and conditions pursuant to which the districts share in the joint financing, operation, and use of certain water, sanitary sewer, storm drainage, detention, road, and park facilities that serve the areas within the Master District's service area (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 participant districts that are in existence or will be created within the Master District's service area.

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 acquisition and construction 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 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. During the current year, the District paid $573,866 for its pro rata share (approximately 5.23%) of the 2025 principal and interest of the Master District's bonds with such sums derived from contract taxes as described in Note 7.

The debt service requirements on all of the Master District's Contract Revenue Bonds outstanding as of December 31, 2025 are as follows.

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

Based on the calculations provided by the Master District's financial advisor, the District's pro rata share of total 2025 assessed valuation is 9.04% and its pro rata share of the 2026 principal and interest requirements of the Master District's bonds is $1,264,989.

Note 9. Contingencies

The Developers of the District are constructing water, sewer, drainage, and road facilities within the boundaries of the District. The District has agreed to reimburse the developers for these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately $3,949,500. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

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 which exceeded coverage amounts in the past three fiscal years.

Note 11. 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 Master District $3.95 per 1,000 gallons of water pumped from its wells, and the Master District is billing the District for its pro rata portion. This amount is subject to future adjustments.

Note 12. Economic Dependency

The District's developers own the majority of the taxable property in the District. The District's ability to meet its obligations is dependent on the developers' ability to pay property taxes.

Required Supplementary Information

Harris County Municipal Utility District No. 458
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 326,423	$ 327,770	$ 1,347
Water service	75,000	95,237	20,237
Sewer service	20,000	88,282	68,282
Regional water fee	65,000	51,725	(13,275)
Penalty and interest	3,500	4,974	1,474
Tap connection and inspection fees	418,550	414,130	(4,420)
Investment income	70,000	59,854	(10,146)
Other income	1,200	-	(1,200)
Total Revenues	979,673	1,041,972	62,299
Expenditures			
Service operations			
Purchased services	272,000	297,360	(25,360)
Regional water authority	65,000	56,964	8,036
Professional fees	129,000	123,166	5,834
Contracted services	40,000	64,436	(24,436)
Repairs and maintenance	75,000	49,211	25,789
Other expenditures	16,900	16,559	341
Tap connections	171,050	198,374	(27,324)
Total Expenditures	768,950	806,070	(37,120)
Excess of Revenues Over Expenditures	210,723	235,902	25,179
Other Financing Uses			
Interfund transfers out	-	(18,182)	(18,182)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	210,723	217,720	6,997
Fund Balance, Beginning of Year	1,291,665	1,291,665	-
Fund Balance, End of Year	$ 1,502,388	$ 1,509,385	$ 6,997

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. 458
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 10–20

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-Term Bonded Debt

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

[X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 458
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
X 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	10,000	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:	$ 40.18	0	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 $ 40.18

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	199	199	x1.0	199
1"	2	2	x2.5	5
1 1/2"	1	1	x5.0	5
2"	16	16	x8.0	128
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	1	1	x50.0	50
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	223	223		642
Total wastewater	204	204	x1.0	204

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

Gallons pumped into the system:	13,122
Gallons billed to customers:	13,122
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 458
Schedule of General Fund Expenditures
Year Ended December 31, 2025

Personnel (including benefits)			$ -
Professional Fees			
Auditing	$	22,300	
Legal		70,150	
Engineering		30,716	
Financial advisor		-	123,166
Purchased Services for Resale			
Bulk water and wastewater service purchases			297,360
Regional Water Authority			56,964
Contracted Services			
Bookkeeping		21,269	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		16,438	37,707
Utilities			-
Repairs and Maintenance			49,211
Administrative Expenditures			
Directors' fees		10,156	
Office supplies		1,477	
Insurance		3,126	
Other administrative expenditures		1,800	16,559
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
Tap Connection Expenditures			198,374
Solid Waste Disposal			26,729
Fire Fighting			-
Parks and Recreation			-
Debt Service, Contractual Obligations			-
Total Expenditures			$ 806,070

Harris County Municipal Utility District No. 458
Schedule of Temporary Investments
December 31, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	3.82%	Demand	$ 1,380,222	$ -
Debt Service Fund				
TexPool	3.82%	Demand	505,942	-
TexPool	3.82%	Demand	326,467	-
TexPool	3.82%	Demand	46,303	-
			878,712	-
Capital Projects Fund				
TexPool	3.82%	Demand	310,067	-
TexPool	3.82%	Demand	71,766	-
			381,833	-
Totals			$ 2,640,767	$ -

Harris County Municipal Utility District No. 458
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025

	Maintenance Taxes	Contract Taxes	Road Debt Service Taxes
Receivable, Beginning of Year	$ 251,875	$ 408,597	$ -
Additions and corrections to prior years' taxes	(3,190)	(5,173)	-
Adjusted Receivable, Beginning of Year	248,685	403,424	-
2025 Original Tax Levy	578,519	1,275,912	47,550
Additions and corrections	39	85	3
Adjusted tax levy	578,558	1,275,997	47,553
Total To be Accounted For	827,243	1,679,421	47,553
Tax collections: Current year	(34,196)	(75,418)	(2,811)
Prior years	(248,685)	(403,424)	-
Receivable, End of Year	$ 544,362	$ 1,200,579	$ 44,742
Receivable, by Years			
2025	$ 544,362	$ 1,200,579	$ 44,742

Harris County Municipal Utility District No. 458
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025 **(Continued)**

	2025	2024	2023	2022
Property Valuations				
Land	$ 57,610,856	$ 56,678,736	$ 44,248,847	$ 26,221,040
Improvements	116,509,444	32,401,125	8,011,697	8,105
Personal property	1,152,642	1,036,151	823,178	653,400
Exemptions	(16,763,934)	(16,569,233)	(15,432,481)	(477,792)
Total Property Valuations	$ 158,509,008	$ 73,546,779	$ 37,651,241	$ 26,404,753
Tax Rates per $100 Valuation				
Road debt service tax rates	$ 0.030	$ -	$ -	$ -
Contract tax rates	0.805	0.730	0.420	0.670
Maintenance tax rates*	0.365	0.450	0.760	0.510
Total Tax Rates per $100 Valuation	$ 1.200	$ 1.180	$ 1.180	$ 1.180
Tax Levy	$ 1,902,108	$ 867,852	$ 444,285	$ 311,576
Percent of Taxes Collected to Taxes Levied**	6%	100%	100%	100%

*Maximum tax rate approved by voters: $1.50 on May 9, 2015

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

Harris County Municipal Utility District No. 458
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025

Due During Fiscal Years Ending December 31	Road Series 2025		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 100,000	$ 278,181	$ 378,181
2027	105,000	271,682	376,682
2028	115,000	264,331	379,331
2029	120,000	256,281	376,281
2030	125,000	247,882	372,882
2031	130,000	239,131	369,131
2032	135,000	230,031	365,031
2033	145,000	220,581	365,581
2034	150,000	212,063	362,063
2035	160,000	205,312	365,312
2036	165,000	198,113	363,113
2037	175,000	190,687	365,687
2038	185,000	182,813	367,813
2039	195,000	174,487	369,487
2040	200,000	165,713	365,713
2041	210,000	156,712	366,712
2042	225,000	147,263	372,263
2043	235,000	137,137	372,137
2044	245,000	126,563	371,563
2045	260,000	115,537	375,537
2046	270,000	103,513	373,513
2047	285,000	91,025	376,025
2048	300,000	77,844	377,844
2049	315,000	63,968	378,968
2050	330,000	49,400	379,400
2051	345,000	33,725	378,725
2052	365,000	17,338	382,338
Totals	$ 5,590,000	$ 4,457,313	$ 10,047,313

Harris County Municipal Utility District No. 458
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2025		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ -	$ 118,075	$ 118,075
2027	65,000	162,863	227,863
2028	70,000	158,638	228,638
2029	75,000	154,087	229,087
2030	75,000	149,213	224,213
2031	80,000	144,337	224,337
2032	85,000	139,138	224,138
2033	90,000	135,737	225,737
2034	95,000	132,138	227,138
2035	100,000	128,337	228,337
2036	105,000	124,338	229,338
2037	110,000	120,137	230,137
2038	115,000	115,738	230,738
2039	120,000	111,137	231,137
2040	130,000	106,337	236,337
2041	135,000	100,975	235,975
2042	145,000	95,237	240,237
2043	150,000	88,894	238,894
2044	160,000	82,331	242,331
2045	165,000	75,132	240,132
2046	175,000	67,707	242,707
2047	185,000	59,612	244,612
2048	195,000	51,056	246,056
2049	205,000	42,038	247,038
2050	215,000	32,300	247,300
2051	225,000	22,087	247,087
2052	240,000	11,400	251,400
Totals	$ 3,510,000	$ 2,729,019	$ 6,239,019

Harris County Municipal Utility District No. 458
Schedule of Long-Term Debt Service Requirements by Years
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	$ 100,000	$ 396,256	$ 496,256
2027	170,000	434,545	604,545
2028	185,000	422,969	607,969
2029	195,000	410,368	605,368
2030	200,000	397,095	597,095
2031	210,000	383,468	593,468
2032	220,000	369,169	589,169
2033	235,000	356,318	591,318
2034	245,000	344,201	589,201
2035	260,000	333,649	593,649
2036	270,000	322,451	592,451
2037	285,000	310,824	595,824
2038	300,000	298,551	598,551
2039	315,000	285,624	600,624
2040	330,000	272,050	602,050
2041	345,000	257,687	602,687
2042	370,000	242,500	612,500
2043	385,000	226,031	611,031
2044	405,000	208,894	613,894
2045	425,000	190,669	615,669
2046	445,000	171,220	616,220
2047	470,000	150,637	620,637
2048	495,000	128,900	623,900
2049	520,000	106,006	626,006
2050	545,000	81,700	626,700
2051	570,000	55,812	625,812
2052	605,000	28,738	633,738
Totals	$ 9,100,000	$ 7,186,332	$ 16,286,332

Harris County Municipal Utility District No. 458
Changes in Long-Term Bonded Debt
Year Ended December 31, 2025

	Bond Issues		
	Road Series 2025	**Series 2025**	**Totals**
Interest rates	4.50% to 7.00%	4.00% to 6.50%	
Dates interest payable	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2026/2052	September 1, 2027/2052	
Bonds outstanding, beginning of current year	$ -	$ -	$ -
Bonds sold during current year	5,590,000	3,510,000	9,100,000
Retirements, principal	-	-	-
Bonds outstanding, end of current year	$ 5,590,000	$ 3,510,000	$ 9,100,000
Interest paid during current year	$ 62,591	$ -	$ 62,591

Paying agent's name and address

Road Series 2025 – 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

Bond authority	**Water, Sewer, and Drainage and Refunding Bonds**	**Park and Recreational and Refunding Bonds**	**Road and Refunding Bonds**
Amount authorized by voters	$ 158,180,000	$ 29,855,000	$ 73,910,000
Amount issued	$ 3,510,000	$ -	$ 5,590,000
Remaining to be issued	$ 154,670,000	$ 29,855,000	$ 68,320,000

Debt service fund cash and temporary investment balances as of December 31, 2025:	$ 994,708
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 603,197

Harris County Municipal Utility District No. 458
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,

	Amounts				
	2025	**2024**	**2023**	**2022**	**2021**
General Fund					
Revenues					
Property taxes	$ 327,770	$ 439,542	$ 309,379	$ 320,451	$ 131,929
Water service	95,237	57,412	7,220	4,054	61
Sewer service	88,282	19,946	3,761	1,205	-
Regional water fee	51,725	63,219	7,616	5,462	60
Penalty and interest	4,974	3,492	5	607	-
Tap connection and inspection fees	414,130	664,214	752,805	368,411	-
Investment income	59,854	78,356	39,169	8,255	68
Other income	-	20	3,439	430	712
Total Revenues	1,041,972	1,326,201	1,123,394	708,875	132,830
Expenditures					
Service operations					
Purchased services	297,360	276,480	53,820	19,590	8,100
Regional water authority	56,964	66,136	8,582	6,127	69
Professional fees	123,166	111,204	105,452	116,282	102,266
Contracted services	64,436	50,798	32,730	23,910	18,437
Repairs and maintenance	49,211	31,345	19,952	2,238	2,237
Other expenditures	16,559	19,182	14,609	19,149	13,901
Tap connections	198,374	253,703	52,636	58,191	-
Capital outlay	-	50,450	-	-	-
Debt service, contractual obligation	-	178,174	299,681	118,207	118,140
Total Expenditures	806,070	1,037,472	587,462	363,694	263,150
Excess (Deficiency) of Revenues Over Expenditures	235,902	288,729	535,932	345,181	(130,320)
Other Financing Sources (Uses)					
Interfund transfers out	(18,182)	-	-	-	-
Developer advances	-	-	-	-	75,000
Total Other Financing Sources (Uses)	(18,182)	-	-	-	75,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	217,720	288,729	535,932	345,181	(55,320)
Fund Balance, Beginning of Year	1,291,665	1,002,936	467,004	121,823	177,143
Fund Balance, End of Year	$ 1,509,385	$ 1,291,665	$ 1,002,936	$ 467,004	$ 121,823
Total Active Retail Water Connections	223	94	7	2	1
Total Active Retail Wastewater Connections	204	78	2	1	1

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
31.5 %	33.1 %	27.5 %	45.2 %	99.3 %
9.1	4.3	0.7	0.6	0.1
8.5	1.5	0.3	0.2	-
5.0	4.8	0.7	0.8	0.0
0.5	0.3	0.0	0.1	-
39.7	50.1	67.0	51.9	-
5.7	5.9	3.5	1.1	0.1
-	0.0	0.3	0.1	0.5
100.0	100.0	100.0	100.0	100.0
28.6	20.9	4.8	2.8	6.1
5.5	5.0	0.7	0.8	0.0
11.8	8.4	9.4	16.4	77.0
6.2	3.8	2.9	3.4	13.9
4.7	2.4	1.8	0.3	1.7
1.6	1.4	1.3	2.7	10.5
19.0	19.1	4.7	8.2	-
-	3.8	-	-	-
-	13.4	26.7	16.7	88.9
77.4	78.2	52.3	51.3	198.1
22.6 %	21.8 %	47.7 %	48.7 %	(98.1) %

Harris County Municipal Utility District No. 458
Schedule of Revenues and Expenditures – Debt Service Fund
Year Ended December 31, 2025

	Amounts	Percent of Fund Total Revenues
Debt Service Fund		
Revenues		
Property taxes	$ 531,717	94.3 %
Penalty and interest	5	0.0
Investment income	22,069	3.9
Other income	10,298	1.8
Total Revenues	564,089	100.0
Expenditures		
Current		
Contracted services	18,184	3.2
Other expenditures	5,812	1.0
Debt service		
Interest and fees	62,591	11.1
Contractual obligation	573,866	101.8
Total Expenditures	660,453	117.1
Deficiency of Revenues Over Expenditures	(96,364)	(17.1) %
Other Financing Sources		
Interfund transfers in	18,182	
General obligation bonds issued	882,088	
Total Other Financing Sources	900,270	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	803,906	
Fund Balance, Beginning of Year	-	
Fund Balance, End of Year	$ 803,906	

Harris County Municipal Utility District No. 458
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025

Complete District mailing address:	Harris County Municipal Utility District No. 458 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 49.054):		October 20, 2025
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
Caleb Burson	Appointed 10/25–05/28	$ 442	$ 77	President
Katie A. Golzarri	Elected 05/22–05/26	1,768	144	Vice President
Jared Bowlin	Elected 05/22–05/26	1,758	112	Secretary
Monte Lowery	Elected 05/24–05/28	2,431	544	Assistant Vice President
David Williamson	Appointed 08/24–05/26	2,431	146	Assistant Secretary
David T. Patterson	Elected 05/24–10/25	1,326	-	Resigned

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

Harris County Municipal Utility District No. 458
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	02/02/15	$ 79,115 263,720	General Counsel Bond Counsel
BGE, Inc.	11/08/18	116,356	Engineer
District Data Services, Inc.	07/26/22	27,269	Bookkeeper
Forvis Mazars, LLP	01/11/21	58,700	Auditor
Harris Central Appraisal District	Legislative Action	8,634	Appraiser
Masterson Advisors LLC	05/14/18	192,533	Financial Advisor
Si Environmental, LLC	05/11/20	263,945	Operator
Utility Tax Service, LLC	05/15/15	18,235	Tax Assessor/ Collector
Investment Officer			
Stephanie Viator	07/26/22	N/A	Bookkeeper

Harris County Municipal Utility District No. 532

Harris County, Texas

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

December 31, 2025

Harris County Municipal Utility District No. 532
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December 31, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 532
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and the general fund of Harris County Municipal Utility District No. 532 (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

Houston, Texas
May 7, 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).

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	$ 2,213,239	$ 261,265
Capital assets	5,699,090	-
Total assets	$ 7,912,329	$ 261,265
Long-term liabilities	$ 23,272,981	$ 310,000
Other liabilities	256,788	26,087
Total liabilities	23,529,769	336,087
Deferred inflows of resources	608,742	212,398
Net position		
Net investment in capital assets	(496,633)	-
Restricted	187,645	-
Unrestricted	(15,917,194)	(287,220)
Total net position	$ (16,226,182)	$ (287,220)

The total net position of the District decreased by $15,938,962. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2025	2024
Revenues		
Property taxes	$ 504,938	$ 75,270
Charges for services	141,877	16,597
Other revenues	849,532	22,504
Total revenues	1,496,347	114,371
Expenses		
Services	777,236	160,871
Depreciation	129,525	-
Conveyance of capital assets	16,060,532	-
Debt service	390,003	-
Contractual obligations	78,013	37,560
Total expenses	17,435,309	198,431
Change in net position	(15,938,962)	(84,060)
Net position, beginning of year	(287,220)	(203,160)
Net position, end of year	$ (16,226,182)	$ (287,220)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2025 were $1,370,604, an increase of $1,347,872 from the prior year.

The general fund's fund balance increased by $430,606 primarily due to property taxes, services, and tap connection and inspection fees revenues exceeding service operations expenditures and interfund transfers out.

The debt service fund's fund balance increased by $798,860 primarily due to proceeds received from the Road Series 2025 bonds and interfund transfers in exceeding contractual obligations expenditures.

The capital projects fund's fund balance increased by $118,406 primarily due to net proceeds received from the Road Series 2025 bonds exceeding capital outlay expenditures and debt issuance costs.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes and regional water fee revenues and regional water authority, repairs and maintenance, and tap connections expenditures being greater than expected. In addition, purchased services expenditures and interfund transfers were not included in the current year budget. The fund

balance as of December 31, 2025 was expected to be $355,224, and the actual end-of-year fund balance was $453,338.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2025	2024
Water facilities	$ 2,141,753	$ -
Wastewater facilities	3,557,337	-
Total capital assets	$ 5,699,090	$ -

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

Water and wastewater facilities to serve Elyson Boulevard and Elyson Lakes Drive Street Dedication, Elyson Boulevard Street Dedication, Section 4, and Elyson Sections 55, 56, 57, 59, 60, 61, and 62	$ 5,828,615

The developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission, as applicable. As of December 31, 2025, a liability for developer-constructed capital assets of $17,162,083 was recorded in the government-wide financial statements.

Debt

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

Long-term debt payable, beginning of year	$ 310,000
Increases in long-term debt	22,962,981
Long-term debt payable, end of year	$ 23,272,981

At December 31, 2025, the District had $75,000,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District, and $75,000,000 of authorization for refunding such bonds; $19,000,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing park and recreational facilities, and $19,000,000 of authorization for refunding such bonds; and $44,020,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads and $50,000,000 of authorization for refunding such bonds.

The District's bonds do not carry an underlying rating. The Road Series 2025 bonds carry a "AA" rating from Standard and Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

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 bond indebtedness) and the District is dissolved.

Economic Dependency

The District's developers own the majority of the taxable property within the District. The District's ability to meet its obligations is dependent on the developer's ability to pay property taxes.

Since inception, the developer has advanced $310,000 to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming fiscal year. These advances have been recorded as liabilities in the government-wide financial statements.

Contingencies

The developer of the District is constructing facilities on behalf of the District within the boundaries of the District. The District has agreed to reimburse the developer for 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 amounts are approximately $11,520,500. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Harris County Municipal Utility District No. 532
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 392,652	$ -	$ 675	$ 393,327	$ -	$ 393,327
Short-term investments	460,993	798,860	143,030	1,402,883	-	1,402,883
Receivables						
Property taxes	392,700	-	-	392,700	-	392,700
Service accounts	24,329	-	-	24,329	-	24,329
Capital assets (net of accumulated depreciation)						
Infrastructure	-	-	-	-	5,699,090	5,699,090
Total Assets	$ 1,270,674	$ 798,860	$ 143,705	$ 2,213,239	$ 5,699,090	$ 7,912,329
Liabilities						
Accounts payable	$ 152,703	$ -	$ 25,299	$ 178,002	$ -	$ 178,002
Accrued interest payable	-	-	-	-	22,895	22,895
Customer deposits	13,550	-	-	13,550	-	13,550
Unearned tap connection fees	42,341	-	-	42,341	-	42,341
Long-term liabilities, due after one year	-	-	-	-	23,272,981	23,272,981
Total Liabilities	208,594	-	25,299	233,893	23,295,876	23,529,769
Deferred Inflows of Resources						
Deferred property tax revenues	608,742	-	-	608,742	-	608,742
Fund Balances/Net Position						
Fund balances						
Restricted						
Unlimited tax bonds	-	208,390	-	208,390	(208,390)	-
Unlimited tax road bonds	-	590,470	-	590,470	(590,470)	-
Roads	-	-	118,406	118,406	(118,406)	-
Unassigned	453,338	-	-	453,338	(453,338)	-
Total fund balances	453,338	798,860	118,406	1,370,604	(1,370,604)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,270,674	$ 798,860	$ 143,705	$ 2,213,239		
Net position						
Net investment in capital assets					(496,633)	(496,633)
Restricted for debt service					187,240	187,240
Restricted for capital projects					405	405
Unrestricted net position					(15,917,194)	(15,917,194)
Total net position					$ (16,226,182)	$ (16,226,182)

Harris County Municipal Utility District No. 532
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 504,986	$ -	$ -	$ 504,986	$ (48)	$ 504,938
Water service	39,521	-	-	39,521	-	39,521
Sewer service	15,061	-	-	15,061	-	15,061
Regional water fee	87,295	-	-	87,295	-	87,295
Penalty and interest	6,178	-	-	6,178	-	6,178
Tap connection and inspection fees	823,538	-	-	823,538	-	823,538
Investment income	10,997	7,979	430	19,406	-	19,406
Other income	410	-	-	410	-	410
Total Revenues	1,487,986	7,979	430	1,496,395	(48)	1,496,347
Expenditures/Expenses						
Service operations						
Purchased services	27,960	-	-	27,960	-	27,960
Regional water authority	96,899	-	-	96,899	-	96,899
Professional fees	124,310	-	-	124,310	-	124,310
Contracted services	48,852	-	-	48,852	-	48,852
Repairs and maintenance	81,626	-	-	81,626	-	81,626
Other expenditures	23,000	-	25	23,025	-	23,025
Tap connections	374,564	-	-	374,564	-	374,564
Capital outlay	-	-	4,727,064	4,727,064	(4,727,064)	-
Depreciation	-	-	-	-	129,525	129,525
Conveyance of capital assets	-	-	-	-	16,060,532	16,060,532
Debt service						
Interest and fees	-	-	-	-	22,895	22,895
Debt issuance costs	-	-	367,108	367,108	-	367,108
Contractual obligations	-	78,013	-	78,013	-	78,013
Total Expenditures/Expenses	777,211	78,013	5,094,197	5,949,421	11,485,888	17,435,309
Excess (Deficiency) of Revenues Over Expenditures	710,775	(70,034)	(5,093,767)	(4,453,026)	(11,485,936)	
Other Financing Sources (Uses)						
Interfund transfers in (out)	(280,169)	280,169	-	-	-	
General obligation bonds issued	-	588,725	5,391,275	5,980,000	(5,980,000)	
Discount on debt issued	-	-	(179,102)	(179,102)	179,102	
Total Other Financing Sources (Uses)	(280,169)	868,894	5,212,173	5,800,898	(5,800,898)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	430,606	798,860	118,406	1,347,872	(1,347,872)	
Change in Net Position					(15,938,962)	(15,938,962)
Fund Balances/Net Position						
Beginning of year	22,732	-	-	22,732	-	(287,220)
End of year	$ 453,338	$ 798,860	$ 118,406	$ 1,370,604	$ -	$ (16,226,182)

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

Harris County Municipal Utility District No. 532 (District) was created by special act of the Texas Legislature, 83rd Legislative Session, pursuant to Senate Bill 1071, under the terms and provisions of Article XVI, Section 59 and Article III, Section 52, of the Constitution of Texas and Chapters 49 and 54, Texas Water Code, and Chapter 8443 Texas Special District Local Laws Code. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, drainage, park, road, and other facilities and to provide such facilities and services to the customers of the District. The District may also provide solid waste disposal services.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

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

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

December 31, 2026. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

The District conveys ownership of road and paving and most storm sewer facilities constructed 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 balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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 following items.

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$ 5,699,090
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(22,895)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	(23,272,981)
Adjustment to fund balances to arrive at net position.	$ (17,596,786)

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

Change in fund balances.	$ 1,347,872
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 and conveyance of capital assets exceeded capital outlay expenditures in the current period.	(11,462,993)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	179,102
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any affect on net position.	(5,980,000)
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(48)
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.	(22,895)
Change in net position of governmental activities.	$ (15,938,962)

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

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

		Maturities in Years			
Type	Fair Value	Less Than 1	1–5	6–10	More Than 10
Texas CLASS	$ 1,402,883	$ 1,402,883	$ -	$ -	$ -

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

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

Summary of Carrying Values

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

Carrying value	
Deposits	$ 393,327
Investments	1,402,883
Total	$ 1,796,210

Investment Income

Investment income of $19,406 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:

- Pooled investments of $1,402,883 are valued at fair value per share of the pool'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	$ -	$ 2,190,429	$ 2,190,429
Wastewater collection and treatment facilities	-	3,638,186	3,638,186
Total capital assets, depreciable	-	5,828,615	5,828,615
Less accumulated depreciation			
Water production and distribution facilities	-	(48,676)	(48,676)
Wastewater collection and treatment facilities	-	(80,849)	(80,849)
Total accumulated depreciation	-	(129,525)	(129,525)
Total governmental activities, net	$ -	$ 5,699,090	$ 5,699,090

Note 4. Long-Term Liabilities

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

Governmental Activities	Balances, Beginning of Year	Increases	Balances, End of Year	Amounts Due in One Year
Bonds payable				
General obligation bonds	$ -	$ 5,980,000	$ 5,980,000	$ -
Less discounts on bonds	-	179,102	179,102	-
	-	5,800,898	5,800,898	-
Developer advances	310,000	-	310,000	-
Due to developer	-	17,162,083	17,162,083	-
Total governmental activities long-term liabilities	$ 310,000	$ 22,962,981	$ 23,272,981	$ -

General Obligation Bonds

	Road Series 2025
Amount outstanding, December 31, 2025	$5,980,000
Interest rates	4.375% to 6.875%
Maturity dates, serially beginning/ending	September 1, 2027/2052
Interest payment dates	March 1/September 1
Callable date*	September 1, 2031

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

Annual Debt Service Requirements

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

Year	Principal	Interest	Total
2026	$ -	$ 219,137	$ 219,137
2027	110,000	294,362	404,362
2028	120,000	286,800	406,800
2029	125,000	278,550	403,550
2030	130,000	269,956	399,956
2031–2035	770,000	1,204,575	1,974,575
2036–2040	1,000,000	979,531	1,979,531
2041–2045	1,280,000	736,157	2,016,157
2046–2050	1,655,000	415,594	2,070,594
2051–2052	790,000	55,268	845,268
Total	$ 5,980,000	$ 4,739,930	$ 10,719,930

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.

Bonds voted	
Water, sewer, and drainage facilities	$ 75,000,000
Park and recreational facilities	19,000,000
Road facilities	50,000,000
Refunding bond authorization	144,000,000
Bonds sold	
Road facilities	5,980,000

Due to Developer

The developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission, as applicable. As of December 31, 2025, a liability for developer-constructed capital assets of $17,162,083 was recorded in the government-wide financial statements.

Developer Advances

Since inception, the developer has advanced $310,000 to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming year. These advances have been recorded as liabilities in the financial statements.

Note 5. Significant Bond Resolution and Commission Requirements

(A) The Road Bond Resolution requires that the District levy and collect an ad valorem road debt service tax sufficient to pay principal and interest on road bonds when due. During the year ended December 31, 2025, the District did not levy an ad valorem road debt service tax for the 2025 tax year. The interest requirements to be paid from the tax revenues and available road debt service resources are $219,137.

(B) In accordance with the Road Series 2025 Bond Resolution, a portion of the bond proceeds was deposited into the debt service fund and reserved for payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year	$ -
Additions – interest appropriated from Road Series 2025 bond proceeds	588,725
Bond interest reserve, end of year	$ 588,725

Note 6. Maintenance Taxes

At an election held May 7, 2022, 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 $1.0100 per $100 of assessed valuation, which resulted in a tax levy of $409,886 on the taxable valuation of $40,582,788 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 7, 2022, voters authorized a road facilities 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 facilities maintenance tax.

Note 7. Contract Taxes

At an election held May 7, 2022, 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 $0.4900 per $100 of assessed valuation, which resulted in a tax levy of $198,856 on the taxable valuation of $40,582,788 for the 2025 tax year. This contract tax is used to pay for the District's pro rata share of principal and interest on the Harris County Municipal Utility District No. 171 (Master District) contract revenue bonds, as described in Note 8.

Note 8. Financing and Operation of Regional Facilities

Effective June 13, 2022 and as amended June 12, 2023, the District entered into a 40-year Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road, and Other Facilities (contract) with the Master District, which sets forth the general terms and conditions pursuant to which the districts share in the joint financing, operation, and use of certain water, sanitary sewer, storm drainage and detention, road, and park facilities that serve the areas within the Master District's service area (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 participant districts that are in existence or will be created within the Master District's service area.

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 acquisition and construction 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 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. During the current year, the District paid $78,013 for its pro rata share (approximately 0.71%) of the 2025 principal and interest of the Master District's bonds with such sums derived from contract taxes, as described in Note 7.

The debt service requirements on all of the Master District's Contract Revenue Bonds outstanding as of December 31, 2025 are as follows:

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

Based on the calculations provided by the Master District's financial advisor, the District's pro rata share of total 2025 assessed valuation is 2.10% and its pro rata share of the 2026 principal and interest requirements of the Master District's bonds is $327,807.

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 Master District $3.95 per 1,000 gallons of water pumped from its wells and the Master District is billing the District for its pro rata portion. 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 in the past three fiscal years.

Note 11. Economic Dependency

The District's developers own the majority of the taxable property in the District. The District's ability to meet its obligations is dependent on the developers' ability to pay property taxes.

Note 12. Contingencies

The developer of the District is constructing facilities on behalf of the District within the boundaries of the District. The District has agreed to reimburse the developer for 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 amounts are approximately $11,520,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Required Supplementary Information

Harris County Municipal Utility District No. 532
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 38,022	$ 504,986	$ 466,964
Water service	30,000	39,521	9,521
Sewer service	28,000	15,061	(12,939)
Regional water fee	15,000	87,295	72,295
Penalty and interest	4,000	6,178	2,178
Tap connection and inspection fees	832,000	823,538	(8,462)
Investment income	120	10,997	10,877
Other income	1,200	410	(790)
Total Revenues	948,342	1,487,986	539,644
Expenditures			
Service operations			
Purchased services	-	27,960	(27,960)
Regional water authority	15,000	96,899	(81,899)
Professional fees	128,000	124,310	3,690
Contracted services	60,000	48,852	11,148
Repairs and maintenance	50,000	81,626	(31,626)
Other expenditures	18,100	23,000	(4,900)
Tap connections	344,750	374,564	(29,814)
Total Expenditures	615,850	777,211	(161,361)
Excess of Revenues Over Expenditures	332,492	710,775	378,283
Other Financing Uses			
Interfund transfers out	-	(280,169)	(280,169)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	332,492	430,606	98,114
Fund Balance, Beginning of Year	22,732	22,732	-
Fund Balance, End of Year	$ 355,224	$ 453,338	$ 98,114

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. 532
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 10–20

[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] Schedule of Long-Term Debt Service Requirements by Years

[X] Changes in Long-Term Bonded Debt

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

[X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 532
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
X 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	10,000	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	0	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"	212	212	x1.0	212
1"	31	31	x2.5	78
1 1/2"	-	-	x5.0	-
2"	17	17	x8.0	136
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	261	261		441
Total wastewater	238	238	x1.0	238

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

Gallons pumped into the system:	26,455
Gallons billed to customers:	26,455
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 532
Schedule of General Fund Expenditures
Year Ended December 31, 2025

Personnel (including benefits)			$ -
Professional Fees			
Auditing	$	14,700	
Legal		72,333	
Engineering		37,277	
Financial advisor		-	124,310
Purchased Services for Resale			
Bulk water and wastewater service purchases			27,960
Regional Water Authority			96,899
Contracted Services			
Bookkeeping		14,615	
General manager		-	
Appraisal district		2,090	
Tax collector		9,650	
Security		-	
Other contracted services		22,497	48,852
Utilities			-
Repairs and Maintenance			81,626
Administrative Expenditures			
Directors' fees		10,608	
Office supplies		6,392	
Insurance		3,126	
Other administrative expenditures		2,874	23,000
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
Tap Connection Expenditures			374,564
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Debt Service, Contractual Obligations			-
Total Expenditures			$ 777,211

Harris County Municipal Utility District No. 532
Schedule of Temporary Investments
December 31, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Texas CLASS	3.93%	Demand	$ 460,993	$ -
Debt Service Fund				
Texas CLASS	3.93%	Demand	208,390	-
Texas CLASS	3.93%	Demand	590,470	-
			798,860	-
Capital Projects Fund				
Texas CLASS	3.93%	Demand	143,030	-
Totals			$ 1,402,883	$ -

Harris County Municipal Utility District No. 532
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025

	Maintenance Taxes	Contract Taxes
Receivable, Beginning of Year	$ 35,376	$ 38,322
Additions and corrections to prior years' taxes	147,270	145,270
Adjusted Receivable, Beginning of Year	182,646	183,592
2025 Original Tax Levy	265,496	128,805
Additions and corrections	144,390	70,051
Adjusted tax levy	409,886	198,856
Total to Be Accounted For	592,532	382,448
Tax collections: Current year	(145,468)	(70,574)
Prior years	(182,646)	(183,592)
Receivable, End of Year	$ 264,418	$ 128,282
Receivable, by Years		
2025	$ 264,418	$ 128,282

Harris County Municipal Utility District No. 532
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025 (Continued)

	2025	2024	2023	2022
Property Valuations				
Land	$ 39,546,630	$ 12,986,077	$ 12,126,802	$ 12,558,728
Improvements	2,069,059	2,024,534	2,063,250	1,798,817
Personal property	437,667	458,702	489,485	227,568
Exemptions	(1,470,568)	(1,309,496)	(111,695)	(111,465)
Total Property Valuations	$ 40,582,788	$ 14,159,817	$ 14,567,842	$ 14,473,648
Tax Rates per $100 Valuation				
Contract tax rates	$ 0.4900	$ 0.7800	$ 0.7500	$ 0.7400
Maintenance tax rates*	1.0100	0.7200	0.7500	0.7600
Total Tax Rates per $100 Valuation	$ 1.5000	$ 1.5000	$ 1.5000	$ 1.5000
Tax Levy	$ 608,742	$ 212,397	$ 218,518	$ 217,105
Percent of Taxes Collected to Taxes Levied**	35%	100%	100%	100%

*Maximum tax rate approved by voters: $1.50 on May 7, 2022

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

Harris County Municipal Utility District No. 532
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025

Due During Fiscal Years Ending December 31	Road Series 2025		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ -	$ 219,137	$ 219,137
2027	110,000	294,362	404,362
2028	120,000	286,800	406,800
2029	125,000	278,550	403,550
2030	130,000	269,956	399,956
2031	140,000	261,019	401,019
2032	145,000	251,394	396,394
2033	155,000	241,425	396,425
2034	160,000	230,769	390,769
2035	170,000	219,968	389,968
2036	180,000	212,531	392,531
2037	190,000	204,656	394,656
2038	200,000	196,344	396,344
2039	210,000	187,594	397,594
2040	220,000	178,406	398,406
2041	230,000	168,781	398,781
2042	240,000	158,719	398,719
2043	255,000	147,919	402,919
2044	270,000	136,444	406,444
2045	285,000	124,294	409,294
2046	300,000	111,469	411,469
2047	315,000	97,968	412,968
2048	330,000	83,794	413,794
2049	345,000	68,944	413,944
2050	365,000	53,419	418,419
2051	385,000	36,537	421,537
2052	405,000	18,731	423,731
Totals	$ 5,980,000	$ 4,739,930	$ 10,719,930

Harris County Municipal Utility District No. 532
Changes in Long-Term Bonded Debt
Year Ended December 31, 2025

	Bond Issue Road Series 2025
Interest rates	4.375% to 6.875%
Dates interest payable	March 1/ September 1
Maturity dates	September 1, 2027/2052
Bonds outstanding, beginning of current year	$ -
Bonds sold during current year	5,980,000
Retirements, principal	-
Bonds outstanding, end of current year	$ 5,980,000
Interest paid during current year	$ -

Paying agent's name and address

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

Bond authority	Water, Sewer, and Drainage Bonds	Road Bonds	Park and Recreational Bonds	Refunding Bonds
Amount authorized by voters	$ 75,000,000	$ 50,000,000	$ 19,000,000	$ 144,000,000
Amount issued	$ -	$ 5,980,000	$ -	$ -
Remaining to be issued	$ 75,000,000	$ 44,020,000	$ 19,000,000	$ 144,000,000

Debt service fund cash and temporary investment balances as of December 31, 2025:	$ 798,860
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 397,034

Harris County Municipal Utility District No. 532
Schedule of Revenues and Expenditures – General Fund
Two Years Ended December 31,

	Amounts		Percent of Fund Total Revenues	
	2025	2024	2025	2024
General Fund				
Revenues				
Property taxes	$ 504,986	$ 78,635	33.9 %	66.8 %
Water service	39,521	2,592	2.7	2.2
Sewer service	15,061	-	1.0	-
Regional water fee	87,295	14,005	5.9	11.9
Penalty and interest	6,178	1,141	0.4	1.0
Tap connection and inspection fees	823,538	20,440	55.4	17.3
Investment income	10,997	707	0.7	0.6
Other income	410	216	0.0	0.2
Total Revenues	1,487,986	117,736	100.0	100.0
Expenditures				
Service operations				
Purchased services	27,960	-	1.9	-
Regional water authority	96,899	10,997	6.5	9.3
Professional fees	124,310	84,237	8.3	71.6
Contracted services	48,852	23,194	3.3	19.7
Repairs and maintenance	81,626	2,171	5.5	1.8
Other expenditures	23,000	19,836	1.5	16.8
Tap connections	374,564	20,436	25.2	17.4
Debt service, contractual obligations	-	37,560	-	31.9
Total Expenditures	777,211	198,431	52.2	168.5
Excess (Deficiency) of Revenues Over Expenditures	710,775	(80,695)	47.8 %	(68.5) %
Other Financing Sources (Uses)				
Interfund transfers out	(280,169)	-		
Developer advances received	-	100,000		
Total Other Financing Sources (Uses)	(280,169)	100,000		
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	430,606	19,305		
Fund Balance, Beginning of Year	22,732	3,427		
Fund Balance, End of Year	$ 453,338	$ 22,732		
Total Active Retail Water Connections	261	5		
Total Active Retail Wastewater Connections	238	-		

Harris County Municipal Utility District No. 532
Schedule of Revenues and Expenditures – Debt Service Fund
Year Ended December 31, 2025

	Amounts	Percent of Fund Total Revenues
Debt Service Fund		
Revenues		
Investment income	$ 7,979	100.0 %
Expenditures		
Debt service, contractual obligations	78,013	977.7
Deficiency of Revenues Over Expenditures	(70,034)	(877.7) %
Other Financing Sources		
Interfund transfers in	280,169	
General obligation bonds issued	588,725	
Total Other Financing Sources	868,894	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	798,860	
Fund Balance, Beginning of Year	-	
Fund Balance, End of Year	$ 798,860	

Harris County Municipal Utility District No. 532
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025

Complete District mailing address:	Harris County Municipal Utility District No. 532 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 49.054):		August 29, 2025
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
Taylor Watson	Elected 05/22–05/26	$ 2,210	$ 309	President
Chase Juhl	Elected 05/22–05/26	1,768	197	Vice President
Amy Carpenter	Elected 05/22–05/26	1,989	293	Secretary
Kyle Chapline	Appointed 08/25–05/28	1,326	-	Assistant Vice President
Paul Passino	Elected 05/24–05/28	2,431	58	Assistant Secretary
Carla Freeman Mattingly	Elected 05/24–08/25	884	206	Resigned

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

Harris County Municipal Utility District No. 532
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	12/07/21	$ 72,333 165,580	General Counsel Bond Counsel
BGE, Inc.	12/07/21	77,277	Engineer
District Data Services, Inc.	07/27/22	17,615	Bookkeeper
Forvis Mazars, LLP	12/18/24	32,400	Auditor
Harris Central Appraisal District	Legislative Action	2,090	Appraiser
Masterson Advisors LLC	12/07/21	122,680	Financial Advisor
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	07/27/22	-	Delinquent Tax Attorney
Si Environmental, LLC	05/24/23	472,383	Operator
Utility Tax Service, LLC	12/07/21	17,914	Tax Assessor/ Collector
Investment Officer			
Stephanie Viator	07/26/22	N/A	Bookkeeper

RECEIVED
JAN 21 2026
Districts Section

ANNUAL FINANCIAL REPORT

Of

Legal Name of District or Authority:	Harris County MUD No. 533
For the Fiscal Year Ended:	12/31/2025
Preparer:	Stephanie Viator
Title:	Bookkeeper
Date:	1/13/26
Telephone Number: (AC)	(713) 932-7908

PO Box 79349	Houston, TX	77279
District's Mailing Address	**City, State**	**Zip Code**

AUDIT REPORT EXEMPTION

Texas Water Code §49.198. AUDIT REPORT EXEMPTION (effective September 1, 2011)

§49.198(a) A district may elect to file annual financial reports with the executive director in lieu of the district's compliance with Section 49.191 provided:

§49.198(a)(1) The district had no bonds or other long-term (more than one year) liabilities outstanding during the fiscal period;

§49.198(a)(2) The district did not have gross receipts from operations, loans, taxes, or contributions in excess of $250,000 during the fiscal period; and

§49.198(a)(3) The district's cash and temporary investments were not in excess of $250,000 during the fiscal period.

§49.198(b) The annual financial report must be accompanied by an affidavit attesting to the accuracy and authenticity of the financial report signed by a duly authorized representative of the district.

§49.198(c) The annual financial report and affidavit in a format prescribed by the executive director must be on file with the executive director within 45 days after the close of the district's fiscal year.

§49.198(d) Districts governed by this section are subject to periodic audits by the executive director.

If the accompanying financial statements are compiled by a certified public accountant, see SSARS-1 and SSARS-7 for the applicable standards for reporting on compiled financial statements.

FILING AFFIDAVIT

To: Texas Commission on Environmental Quality

Under the penalties of perjury, I certify that I have inspected the attached balance sheet, statement of receipts and disbursements, including the accompanying schedules and statements, and to the best of my knowledge and belief, they are a true, correct, and complete representation of the financial condition of:

Harris County MUD No. 533 as of

(Name of District)

12/31/2025 I also certify that the above district has complied in full

(Date of Fiscal Year End)

with all filing of audits, affidavits, and financial reports requirements of Section 49.194 of the Texas Water Code by filing copies of this Annual Financial Report in the district's office, located at:

PO Box 79349, Houston, TX 77279

(Address of District)

Stephanie Viator, Bookkeeper

(Typed Name and Title)



01/13/2026

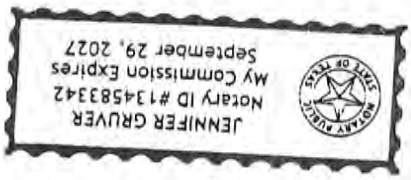
(Signature of Affiant) *(Date)*

Subscribed and Sworn to before me by this 13 day of January 2026

In and For Harris County, Texas

Jennifer Gruver September 29, 2027

(Typed Name of Notary) *(My Commission Expires On)*



District Name:

MISCELLANEOUS DISCLOSURES AND MAILING INFORMATION

as of the District's Fiscal Year-End

A. **Disclosures to comply with Rule 30 TAC 293.95(b)**

(1) Was there any developer activity to prepare for residential or commercial development? "Developer activity" means construction performed or actions taken in preparation for construction (i.e., plans, permits) to provide services for or access to present or future residential or commercial water, sewer or drainage facilities. ☐ Yes ☒ No

If yes, have payments for these facilities been made by (an) other party (ies) on behalf of the district? ☐ Yes ☐ No

These payments are estimated to cumulatively be:

Cost	Amount
Organization Costs	
Construction Costs	
Administration Cost	
Total Costs	

(2) Was the Board aware of any other types of contingent or actual liabilities (e.g., claims, lawsuits) which are not disclosed elsewhere in this report? ☐ Yes ☐ No

If yes, explain:

B. **Disclosures to comply with V.T.C.A. Water Code §49.054(e) and §49.455(j).** The Texas Commission on Environmental Quality must be notified of any changes in boundaries, board members, board terms, and addresses. Guidance for filing this information and a District Registration Form may be obtained by calling 512-239-4691.

C. **Additional Information.**

This report should be sent to:

District Creation Review Team,
MC-152
Texas Commission on Environmental Quality
P.O. Box 13087 Austin, TX 78711-3087

Phone Number: 512-239-4691
Fax Number: 512-239-6190

BALANCE SHEET – CASH BASIS

Asset Type		Amount
Cash on Hand		
Cash in Bank (Schedule A)		$ 18,918
Investment (Schedule B)		
Total Cash and Investments[i]		$ 18,918
Accrued Interest Receivable - Optional (Schedule B)		
Inventory		
General Fixed Assets		
Other Assets		
(Explain):		
	Total Assets:[ii]	$ 18,918

LIABILITIES AND EXCESS		Amount
Notes Payable		
Refundable Deposits		
Developer Advances		$ 179,450
Other Liabilities		
(Explain):		
Total Liabilities		$ 179,450
Excess Assets Over Liabilities		($ 160,532)
Total Liabilities and Excess[iii]		$ 18,918

Note to Preparer:

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[i] "Total Cash and Investments" must equal "Cash and Investments – End of Year "on the Statement of Receipts and Disbursement", page 5.
[ii] Must equal "Total Liabilities and Excess"
[iii] Must equal "Total Assets"

STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS

Receipts	Amount
Service Revenues	
Tax Receipts	
Penalty and Interest Received	
Interest Received on Investments	
Loans or Advances	$ 179,450
All Other Receipts	
(Explain):	
Total Receipts	$ 179,450

Less Disbursements	Amount
Purchased Services for Resale	
Payroll	$ 6,171
Legal, Accounting, or Contract Service	$ 69,977
Supplies and Materials	
Maintenance	
Note Payments and Repayment of Advances	$ 118,898
All other Disbursements (Schedule C)	$ 3,870
Total Disbursements	$ 198,917
Excess of Receipts Over (under) Disbursements	($ 19,466)
Cash and Investments - Beginning of Year	$ 38,385
Cash and Investment - End of Year (see Note 1 Page 4)	$ 18,918

Note to Preparer: In addition to all disbursements related to the purchase of consumable supplies and materials, certain assets of insignificant value may be considered consumable and accordingly recognized under the account classification "Supplies and Materials." Please refer to Explanation of Terms, General Fixed Assets, pages 7 and 8 of this report, for additional clarification.

SCHEDULE A 1 – CASH IN BANK[i]

Name of Bank	Account Number	Purpose of Account	Balance
Central Bank	6,038,425	Checking	$ 18,918
		TOTAL	$ 18,918

SCHEDULE B – INVESTMENTS[ii]

Type of Investment	Name of Bank	Certificate Number	Interest Rate	Maturity Date	Principal Balance	(Optional) Accrued Interest
			0.00%			
			0.00%			
			0.00%			
			0.00%			
				TOTALS		

SCHEDULE C – SCHEDULE OF ALL OTHER DISBURSEMENTS[iii]

Description of Disbursements[iv]	Amount
Elections	$ 214
Insurance	$ 3,126
Forms	$ 101
Bank Fees	$ 430
TOTAL	$ 3,870

[i] Please refer to Explanation of Terms, Cash in Bank, page 7 of this report, for proper reporting.
[ii] Please refer to Explanation of Terms, Investments, page 8 of this report, for proper reporting of "Principal Balance" and "Accrued Interest."
[iii] Please refer to Explanation of Terms, All Other Disbursements, page 7 of this report, for proper reporting of "All Other Disbursements."
[iv] A description should be given for each type of transaction and the amount of payments attributable to this type of disbursement. It may not be necessary to list each transaction separately.

Harris County Municipal Utility District No. 534

Harris County, Texas

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

December 31, 2025

Harris County Municipal Utility District No. 534
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December 31, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 534
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 534 (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

Houston, Texas
May 7, 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).

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	$ 12,468,168	$ 10,061,992
Capital assets	11,638,848	11,179,257
Total assets	$ 24,107,016	$ 21,241,249
Long-term liabilities	$ 60,914,985	$ 58,506,062
Other liabilities	1,256,628	1,327,109
Total liabilities	62,171,613	59,833,171
Deferred inflows of resources	8,352,051	5,533,873
Net position		
Net investment in capital assets	(6,570,313)	(5,119,298)
Restricted	306,637	28,166
Unrestricted	(40,152,972)	(39,034,663)
Total net position	$ (46,416,648)	$ (44,125,795)

The total net position of the District decreased by $2,290,853, or approximately 5%. The majority of the decrease in net position is related to services expenses exceeding charges for services revenues as well as the conveyance of capital assets to another governmental entity for maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2025	2024
Revenues		
Property taxes	$ 5,530,933	$ 3,233,174
Charges for services	1,822,405	1,314,690
Other revenues	1,151,043	2,326,803
Total revenues	8,504,381	6,874,667
Expenses		
Services	3,406,467	3,104,148
Conveyance of capital assets	1,409,902	6,878,774
Depreciation	277,863	261,023
Debt service	2,807,719	2,532,919
Contractual obligation	2,893,283	1,647,275
Total expenses	10,795,234	14,424,139
Change in net position	(2,290,853)	(7,549,472)
Net position, beginning of year	(44,125,795)	(36,576,323)
Net position, end of year	$ (46,416,648)	$ (44,125,795)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2025 were $3,605,643, a decrease of $168,279 from the prior year.

The general fund's fund balance increased by $271,514 primarily due to property taxes, services and tap connection and inspection fees revenues, and investment income exceeding service operations expenditures.

The debt service fund's fund balance decreased by $271,065 primarily due to bond principal and interest requirements and contractual obligations expenditures exceeding property tax revenues, investment and other income, and proceeds received from the sales of the Series 2025 and Road Series 2025 bonds.

The capital projects fund's fund balance decreased by $168,728 due to capital outlay expenditures and debt issuance costs exceeding net proceeds received from the sales of the Series 2025 and Road Series 2025 bonds.

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 and sewer services, regional water fee, and tap connection and inspection fees revenues and professional fees, regional water authority, contracted services, solid waste, and tap

connections expenditures being greater than anticipated, as well as repairs and maintenance expenditures being less than anticipated. The fund balance as of December 31, 2025 was expected to be $1,189,444, and the actual end-of-year fund balance was $1,584,668.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2025	2024
Water facilities	$ 5,066,376	$ 4,922,827
Wastewater facilities	6,572,472	6,256,430
Total capital assets	$ 11,638,848	$ 11,179,257

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

Water and wastewater facilities to serve Elyson, Sections 43, 44, 46, and 49	$ 737,454

The developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission, as applicable. As of December 31, 2025, a liability for developer-constructed capital assets of $13,346,270 has been recorded in the government-wide financial statements.

Debt

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

Long-term debt payable, beginning of year	$ 58,506,062
Increases in long-term debt	9,247,234
Decreases in long-term debt	(6,838,311)
Long-term debt payable, end of year	$ 60,914,985

At December 31, 2025, the District had $91,935,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District and $115,000,000 of authorization for refunding such bonds; $24,000,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing park and recreational facilities and $24,000,000 of authorization for refunding such bonds; and $43,420,000 of unlimited tax road bonds authorized, but unissued, for the purpose of constructing roads and $70,000,000 of authorization for refunding such bonds.

The District's bonds carry an underlying rating of "Baa3" from Moody's Investors Services, Inc. (Moody's). The Road Series 2022, Road Series 2023, and Series 2024 bonds carry a "AA" rating from Standard & Poor's (S&P) by virtue of bond insurance issued by Build America Mutual Assurance Corporation. The Series 2023, Road Series 2024, Road Series 2025, and Series 2025 bonds carry a "AA" rating from S&P by virtue of bond insurance issued by

Assured Guaranty Inc. The Road Series 2025 and Series 2025 bonds also carry an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Inc.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent if the 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 bond indebtedness) and the District is dissolved.

Harris County Municipal Utility District No. 534
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 382,047	$ 1,447,236	$ 68,957	$ 1,898,240	$ -	$ 1,898,240
Short-term investments	1,575,039	1,620,410	503,875	3,699,324	-	3,699,324
Receivables						
Property taxes	891,719	5,795,612	-	6,687,331	-	6,687,331
Service accounts	176,823	-	-	176,823	-	176,823
Interfund receivables	171,005	-	-	171,005	(171,005)	-
Operating reserve	6,450	-	-	6,450	-	6,450
Capital assets (net of accumulated depreciation)						
Infrastructure	-	-	-	-	11,638,848	11,638,848
Total Assets	$ 3,203,083	$ 8,863,258	$ 572,832	$ 12,639,173	$ 11,467,843	$ 24,107,016
Liabilities						
Accounts payable	$ 384,265	$ 207	$ -	$ 384,472	$ -	$ 384,472
Accrued interest payable	-	-	-	-	752,539	752,539
Customer deposits	89,950	-	-	89,950	-	89,950
Unearned tap connection fees	29,667	-	-	29,667	-	29,667
Interfund payables	-	161,005	10,000	171,005	(171,005)	-
Long-term liabilities						
Due within one year	-	-	-	-	700,000	700,000
Due after one year	-	-	-	-	60,214,985	60,214,985
Total Liabilities	503,882	161,212	10,000	675,094	61,496,519	62,171,613
Deferred Inflows of Resources						
Deferred property tax revenues	1,114,533	7,243,903	-	8,358,436	(6,385)	8,352,051
Fund Balances/Net Position						
Fund balances						
Restricted						
Unlimited tax bonds	-	861,411	-	861,411	(861,411)	-
Unlimited tax road bonds	-	596,732	-	596,732	(596,732)	-
Water, sewer, and drainage	-	-	537,978	537,978	(537,978)	-
Roads	-	-	24,854	24,854	(24,854)	-
Assigned to						
Future expenditures	-	-	-	-	-	-
Operating reserve	6,450	-	-	6,450	(6,450)	-
Unassigned	1,578,218	-	-	1,578,218	(1,578,218)	-
Total fund balances	1,584,668	1,458,143	562,832	3,605,643	(3,605,643)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,203,083	$ 8,863,258	$ 572,832	$ 12,639,173		
Net position						
Net investment in capital assets					(6,570,313)	(6,570,313)
Restricted for debt service					259,688	259,688
Restricted for capital projects					46,949	46,949
Unrestricted					(40,152,972)	(40,152,972)
Total net position					$ (46,416,648)	$ (46,416,648)

Harris County Municipal Utility District No. 534
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 800,777	$ 4,750,592	$ -	$ 5,551,369	$ (20,436)	$ 5,530,933
Water service	419,006	-	-	419,006	-	419,006
Sewer service	565,931	-	-	565,931	-	565,931
Regional water fee	837,468	-	-	837,468	-	837,468
Penalty and interest	19,750	38,034	-	57,784	-	57,784
Tap connection and inspection fees	862,179	-	-	862,179	-	862,179
Investment income	76,212	117,700	19,409	213,321	-	213,321
Other income	6,270	11,489	-	17,759	-	17,759
Total Revenues	3,587,593	4,917,815	19,409	8,524,817	(20,436)	8,504,381
Expenditures/Expenses						
Service operations						
Purchased services	1,110,660	-	-	1,110,660	-	1,110,660
Regional water authority	890,897	-	-	890,897	-	890,897
Professional fees	128,549	11,363	-	139,912	286	140,198
Contracted services	160,671	70,015	-	230,686	-	230,686
Solid waste	346,719	-	-	346,719	-	346,719
Repairs and maintenance	257,750	-	-	257,750	-	257,750
Other expenditures	28,499	8,098	626	37,223	-	37,223
Tap connections	392,334	-	-	392,334	-	392,334
Capital outlay	-	-	8,345,938	8,345,938	(8,345,938)	-
Conveyance of capital assets	-	-	-	-	1,409,902	1,409,902
Depreciation	-	-	-	-	277,863	277,863
Debt service						
Principal retirement	-	665,000	-	665,000	(665,000)	-
Interest and fees	-	1,966,096	-	1,966,096	177,791	2,143,887
Debt issuance costs	-	-	663,832	663,832	-	663,832
Contractual obligations	-	2,893,283	-	2,893,283	-	2,893,283
Total Expenditures/Expenses	3,316,079	5,613,855	9,010,396	17,940,330	(7,145,096)	10,795,234
Excess (Deficiency) of Revenues Over Expenditures	271,514	(696,040)	(8,990,987)	(9,415,513)	7,124,660	
Other Financing Sources (Uses)						
General obligation bonds issued	-	424,975	9,010,025	9,435,000	(9,435,000)	
Discount on debt issued	-	-	(187,766)	(187,766)	187,766	
Total Other Financing Sources	-	424,975	8,822,259	9,247,234	(9,247,234)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	271,514	(271,065)	(168,728)	(168,279)	168,279	
Change in Net Position					(2,290,853)	(2,290,853)
Fund Balances/Net Position						
Beginning of year	1,313,154	1,729,208	731,560	3,773,922	-	(44,125,795)
End of year	$ 1,584,668	$ 1,458,143	$ 562,832	$ 3,605,643	$ -	$ (46,416,648)

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

Harris County Municipal Utility District No. 534 (District) was created by Senate Bill Number 1073 (Bill) of the 83rd Session of the Texas Legislature, Regular Session, effective June 14, 2013, in accordance with the provision of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, Chapter 8438 of the Texas Special District Local Laws Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (Commission). The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, drainage, park, road, and other facilities and to provide such facilities and services to the customers of the District. The District may also provide solid waste disposal services.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the

subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2024 on the 2024 levy.

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

Capital Assets

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

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

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

Debt Issuance Costs

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$ 11,638,848
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	6,385
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(752,539)
Long-term debt obligations are not due and payable in the current period and are not reported in the fund.	(60,914,985)
Adjustment to fund balances to arrive at net position.	$ (50,022,291)

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.	$ (168,279)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded conveyance of capital assets, depreciation expense and noncapitalized costs in the current period.	6,657,887
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	187,766
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any affect on net position.	(8,770,000)
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 governmental funds.	(177,791)

Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	$ (20,436)
Change in net position of governmental activities.	$ (2,290,853)

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

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

Investments

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

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

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

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

		Maturities in Years			
Type	Amortized Cost	Less Than 1	1–5	6–10	More Than 10
TexPool	$ 3,699,324	$ 3,699,324	$ -	$ -	$ -

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

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

Summary of Carrying Values

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

Carrying value	
Deposits	$ 1,898,240
Investments	3,699,324
Total	$ 5,597,564

Investment Income

Investment income of $213,321 for the year ended December 31, 2025 consisted of interest income.

Note 3. Capital Assets

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

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable			
Water production and distribution facilities	$ 5,138,616	$ 264,002	$ 5,402,618
Wastewater collection and treatment facilities	6,577,695	473,452	7,051,147
Total capital assets, depreciable	11,716,311	737,454	12,453,765
Less accumulated depreciation			
Water production and distribution facilities	(215,789)	(120,453)	(336,242)
Wastewater collection and treatment facilities	(321,265)	(157,410)	(478,675)
Total accumulated depreciation	(537,054)	(277,863)	(814,917)
Total governmental activities, net	$ 11,179,257	$ 459,591	$ 11,638,848

Note 4. Long-Term Liabilities

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

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable					
General obligation bonds	$ 40,015,000	$ 9,435,000	$ 665,000	$ 48,785,000	$ 700,000
Less discounts on bonds	1,053,504	187,766	24,985	1,216,285	-
	38,961,496	9,247,234	640,015	47,568,715	700,000
Due to developer	19,544,566	-	6,198,296	13,346,270	-
Total governmental activities long-term liabilities	$ 58,506,062	$ 9,247,234	$ 6,838,311	$ 60,914,985	$ 700,000

General Obligation Bonds

	Road Series 2022	Series 2023
Amounts outstanding, December 31, 2025	$9,810,000	$9,785,000
Interest rates	5.00% to 7.50%	4.50% to 7.00%
Maturity dates, serially beginning/ending	September 1, 2026/2049	September 1, 2026/2049
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2029	September 1, 2029

	Road Series 2023	Road Series 2024
Amounts outstanding, December 31, 2025	$4,890,000	$6,865,000
Interest rates	4.50% to 7.00%	4.00% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2026/2049	September 1, 2026/2050
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2029	September 1, 2030

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

	Series 2024	Road Series 2025
Amounts outstanding, December 31, 2025	$8,000,000	$4,370,000
Interest rate	4.00%	4.00% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2027/2050	September 1, 2027/2052
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2031	September 1, 2031

	Series 2025
Amount outstanding, December 31, 2025	$5,065,000
Interest rates	4.00% to 5.00%
Maturity dates, serially beginning/ending	March 1, 2027/2052
Interest payment dates	March 1/September 1
Callable date*	March 1, 2032

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

Annual Debt Service Requirements

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

Year	Principal	Interest	Total
2026	$ 700,000	$ 2,305,965	$ 3,005,965
2027	1,160,000	2,277,581	3,437,581
2028	1,195,000	2,204,807	3,399,807
2029	1,240,000	2,129,506	3,369,506
2030	1,290,000	2,051,306	3,341,306
2031–2035	7,255,000	9,265,106	16,520,106
2036–2040	8,890,000	7,507,789	16,397,789
2041–2045	10,930,000	5,282,700	16,212,700
2046–2050	12,925,000	2,500,531	15,425,531
2051–2052	3,200,000	186,250	3,386,250
Total	$ 48,785,000	$ 35,711,541	$ 84,496,541

Bonds voted	
Water, sewer, and drainage facilities	$ 115,000,000
Park and recreational facilities	24,000,000
Road facilities	70,000,000
Bonds sold	
Water, sewer, and drainage facilities	23,065,000
Road facilities	26,580,000
Refunding bonds voted	
Water, sewer, and drainage facilities	115,000,000
Park and recreational facilities	24,000,000
Road facilities	70,000,000

Due to Developer

The developer of the District has constructed facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs and interest from the proceeds of future bond sales, to the extent approved by the Commission, as applicable. The District's engineer estimates reimbursable costs for completed projects are $13,346,270. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5. Significant Bond Resolution and Commission Requirements

(A) The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2025, the District levied an ad valorem debt service tax at the rate of $0.190 per $100 of assessed valuation, which resulted in a tax levy of $1,057,927 on the taxable valuation of $556,803,426 for the 2025 tax year. The principal and interest requirements to be paid from tax revenues and available resources are $1,259,185.

(B) The Road Bond Resolutions require that the District levy and collect an ad valorem road debt service tax sufficient to pay principal and interest 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 $0.310 per $100 of assessed valuation, which resulted in a tax levy of $1,726,090 on the taxable valuation of $556,803,426 for the 2025 tax year. The principal and interest requirements to be paid from tax revenues and available resources are $1,746,780.

(C) In accordance with the Road Series 2022, Series 2023, Road Series 2023, Road Series 2024, Series 2024, Road Series 2025, and Series 2025 Bond Resolutions, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year		$ 1,175,449
Additions – Interest appropriated from bond proceeds		
Road Series 2025	$ 185,725	
Series 2025	239,250	424,975
Deductions – Appropriation from bond interest paid		
Road Series 2022	82,466	
Series 2023	514,575	
Road Series 2023	31,915	
Road Series 2024	177,028	
Series 2024	272,889	
Road Series 2025	70,176	1,149,049
Bond interest reserve, end of year		$ 451,375

Note 6. Maintenance Taxes

At an election held November 3, 2020, 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 $0.200 per $100 of assessed valuation, which resulted in a tax levy of $1,113,607 on the taxable valuation of $556,803,426 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held November 3, 2020, voters authorized a road facilities 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 facilities maintenance tax.

Note 7. Contract Taxes

At an election held November 3, 2020, 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 $0.800 per $100 of assessed valuation, which resulted in a tax levy of $4,454,427 on the taxable valuation of $556,803,426 for the 2025 tax year. This contract tax is used to pay for its pro rata share of principal and interest on the Harris County Municipal Utility District No. 171's (Master District) contract revenue bonds as described in Note 8.

Note 8. Financing and Operation of Regional Facilities

Effective January 11, 2021 and amended on June 12, 2023, the District entered into a 40-year Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities (contract) with the Master District, which sets forth the general terms and conditions pursuant to which the districts share in the joint financing, operation, and use of certain water, sanitary sewer, storm drainage, detention, road, and park facilities that serve the areas within the Master District's service area (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 participant districts that are in existence or will be created within the Master District's service area.

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 acquisition and construction 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 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.

The debt service requirements on all of the Master District's Contract Revenue Bonds outstanding as of December 31, 2025 are as follows:

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

Based on the calculations provided by the Master District's financial advisor, the District's pro rata share of total 2025 assessed valuation is 32.08% and its pro rata share of the 2026 principal and interest requirements of the Master District's bonds is $4,500,336.

Note 9. Risk Management

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

Required Supplementary Information

Harris County Municipal Utility District No. 534
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 765,000	$ 800,777	$ 35,777
Water service	346,000	419,006	73,006
Sewer service	312,000	565,931	253,931
Regional water fee	688,000	837,468	149,468
Bulk water sales	-	-	-
Penalty and interest	17,000	19,750	2,750
Tap connection and inspection fees	166,670	862,179	695,509
Investment income	53,000	76,212	23,212
Other income	12,000	6,270	(5,730)
Total Revenues	2,359,670	3,587,593	1,227,923
Expenditures			
Service operations			
Purchased services	990,000	1,110,660	(120,660)
Regional water authority	688,000	890,897	(202,897)
Professional fees	136,000	128,549	7,451
Contracted services	90,000	160,671	(70,671)
Utilities	-	-	-
Solid waste	175,000	346,719	(171,719)
Repairs and maintenance	317,230	257,750	59,480
Other expenditures	29,400	28,499	901
Tap connections	57,750	392,334	(334,584)
Total Expenditures	2,483,380	3,316,079	(832,699)
Excess (Deficiency) of Revenues Over Expenditures	(123,710)	271,514	395,224
Fund Balance, Beginning of Year	1,313,154	1,313,154	-
Fund Balance, End of Year	$ 1,189,444	$ 1,584,668	$ 395,224

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. 534
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 10–21

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-Term Bonded Debt

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

[X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 534
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
X 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	10,000	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:	$ 40.17	-	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 $ 40.17

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,092	1,086	x1.0	1,086
1"	335	334	x2.5	835
1 1/2"	2	2	x5.0	10
2"	37	37	x8.0	296
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	1,468	1,461		2,322
Total wastewater	1,411	1,404	x1.0	1,404

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

Gallons pumped into the system:	205,309
Gallons billed to customers:	205,309
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 534
Schedule of General Fund Expenditures
Year Ended December 31, 2025

Personnel (including benefits)			$ -
Professional Fees			
Auditing	$	22,700	
Legal		58,435	
Engineering		47,414	
Financial advisor		-	128,549
Purchased Services for Resale			
Bulk water and wastewater service purchases			1,110,660
Regional Water Authority			890,897
Contracted Services			
Bookkeeping		21,269	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		139,402	160,671
Utilities			-
Repairs and Maintenance			257,750
Administrative Expenditures			
Directors' fees		13,923	
Office supplies		365	
Insurance		-	
Other administrative expenditures		14,211	28,499
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
Tap Connection Expenditures			392,334
Solid Waste Disposal			346,719
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total Expenditures			$ 3,316,079

Harris County Municipal Utility District No. 534
Schedule of Temporary Investments
December 31, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	3.82%	Demand	$ 1,575,039	$ -
Debt Service Fund				
TexPool	3.82%	Demand	596,732	-
TexPool	3.82%	Demand	742,360	-
TexPool	3.82%	Demand	281,318	-
			1,620,410	-
Capital Projects Fund				
TexPool	3.82%	Demand	24,284	-
TexPool	3.82%	Demand	336,007	-
TexPool	3.82%	Demand	143,584	-
			503,875	-
Totals			$ 3,699,324	$ -

Harris County Municipal Utility District No. 534
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025

	Maintenance Taxes	Contract Taxes	Road Debt Service Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 626,705	$ 2,240,772	$ 1,080,536	$ 388,793
Additions and corrections to prior years' taxes	(425)	(1,519)	(732)	(264)
Adjusted Receivable, Beginning of Year	626,280	2,239,253	1,079,804	388,529
2025 Original Tax Levy	1,070,623	4,282,491	1,659,465	1,017,092
Additions and corrections	42,984	171,936	66,625	40,835
Adjusted tax levy	1,113,607	4,454,427	1,726,090	1,057,927
Total to Be Accounted For	1,739,887	6,693,680	2,805,894	1,446,456
Tax collections: Current year	(222,814)	(891,256)	(345,362)	(211,673)
Prior years	(625,354)	(2,235,954)	(1,078,215)	(387,958)
Receivable, End of Year	$ 891,719	$ 3,566,470	$ 1,382,317	$ 846,825
Receivable, by Years				
2025	$ 890,793	$ 3,563,171	$ 1,380,728	$ 846,254
2024	907	3,268	1,582	569
2023	19	31	7	2
Receivable, End of Year	$ 891,719	$ 3,566,470	$ 1,382,317	$ 846,825

Harris County Municipal Utility District No. 534
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025 (Continued)

	2025	2024	2023	2022
Property Valuations				
Land	$ 139,665,234	$ 118,278,457	$ 91,586,823	$ 42,660,689
Improvements	458,637,950	265,740,121	129,086,927	5,591,366
Personal property	4,009,345	1,606,584	320,255	2,254
Exemptions	(45,509,103)	(16,700,258)	(4,712,894)	(673,117)
Total Property Valuations	$ 556,803,426	$ 368,924,904	$ 216,281,111	$ 47,581,192
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.190	$ 0.135	$ 0.050	$ -
Road debt service tax rates	0.310	0.375	0.170	-
Contract tax rates	0.800	0.775	0.780	0.740
Maintenance tax rates*	0.200	0.215	0.500	0.760
Total Tax Rates per $100 Valuation	$ 1.500	$ 1.500	$ 1.500	$ 1.500
Tax Levy	$ 8,352,051	$ 5,533,873	$ 3,244,217	$ 713,718
Percent of Taxes Collected to Taxes Levied**	20%	99%	99%	100%

*Maximum tax rate approved by voters: $1.50 on November 3, 2020

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

Harris County Municipal Utility District No. 534
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025

Due During Fiscal Years Ending December 31	Road Series 2022		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 215,000	$ 524,043	$ 739,043
2027	225,000	507,919	732,919
2028	235,000	491,044	726,044
2029	250,000	473,419	723,419
2030	260,000	454,668	714,668
2031	275,000	441,669	716,669
2032	290,000	427,919	717,919
2033	305,000	413,419	718,419
2034	320,000	398,169	718,169
2035	340,000	382,168	722,168
2036	355,000	365,169	720,169
2037	375,000	347,419	722,419
2038	395,000	328,669	723,669
2039	415,000	308,425	723,425
2040	435,000	287,156	722,156
2041	460,000	264,862	724,862
2042	485,000	241,288	726,288
2043	510,000	216,431	726,431
2044	535,000	190,294	725,294
2045	565,000	162,875	727,875
2046	595,000	133,919	728,919
2047	625,000	103,425	728,425
2048	655,000	70,612	725,612
2049	690,000	36,225	726,225
Totals	$ 9,810,000	$ 7,571,206	$ 17,381,206

Harris County Municipal Utility District No. 534
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2023		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 225,000	$ 499,525	$ 724,525
2027	240,000	483,775	723,775
2028	250,000	466,975	716,975
2029	260,000	449,475	709,475
2030	275,000	431,275	706,275
2031	285,000	417,525	702,525
2032	300,000	403,275	703,275
2033	315,000	389,775	704,775
2034	330,000	375,600	705,600
2035	345,000	360,750	705,750
2036	360,000	345,225	705,225
2037	380,000	328,575	708,575
2038	395,000	311,000	706,000
2039	415,000	291,250	706,250
2040	435,000	270,500	705,500
2041	455,000	248,750	703,750
2042	480,000	226,000	706,000
2043	500,000	202,000	702,000
2044	525,000	177,000	702,000
2045	550,000	150,750	700,750
2046	575,000	123,250	698,250
2047	600,000	94,500	694,500
2048	630,000	64,500	694,500
2049	660,000	33,000	693,000
Totals	$ 9,785,000	$ 7,144,250	$ 16,929,250

Harris County Municipal Utility District No. 534
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Series 2023		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 115,000	$ 249,712	$ 364,712
2027	120,000	241,662	361,662
2028	125,000	233,263	358,263
2029	130,000	224,512	354,512
2030	135,000	215,413	350,413
2031	145,000	208,662	353,662
2032	150,000	201,413	351,413
2033	155,000	194,662	349,662
2034	165,000	187,688	352,688
2035	170,000	180,262	350,262
2036	180,000	172,613	352,613
2037	190,000	164,288	354,288
2038	200,000	155,500	355,500
2039	210,000	145,500	355,500
2040	215,000	135,000	350,000
2041	230,000	124,250	354,250
2042	240,000	112,750	352,750
2043	250,000	100,750	350,750
2044	260,000	88,250	348,250
2045	275,000	75,250	350,250
2046	285,000	61,500	346,500
2047	300,000	47,250	347,250
2048	315,000	32,250	347,250
2049	330,000	16,500	346,500
Totals	$ 4,890,000	$ 3,568,900	$ 8,458,900

Harris County Municipal Utility District No. 534
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Series 2024		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 145,000	$ 299,100	$ 444,100
2027	150,000	289,675	439,675
2028	160,000	279,925	439,925
2029	165,000	269,525	434,525
2030	175,000	258,800	433,800
2031	185,000	247,425	432,425
2032	195,000	235,400	430,400
2033	200,000	227,600	427,600
2034	210,000	219,600	429,600
2035	225,000	211,200	436,200
2036	235,000	202,200	437,200
2037	245,000	192,800	437,800
2038	260,000	183,000	443,000
2039	270,000	172,600	442,600
2040	285,000	161,800	446,800
2041	300,000	150,400	450,400
2042	315,000	138,400	453,400
2043	330,000	125,800	455,800
2044	345,000	112,600	457,600
2045	365,000	98,800	463,800
2046	380,000	84,200	464,200
2047	400,000	69,000	469,000
2048	420,000	53,000	473,000
2049	440,000	36,200	476,200
2050	465,000	18,600	483,600
Totals	$ 6,865,000	$ 4,337,650	$ 11,202,650

Harris County Municipal Utility District No. 534
Schedule of Long-Term Debt Service Requirements by Years
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	$ -	$ 320,000	$ 320,000
2027	175,000	320,000	495,000
2028	180,000	313,000	493,000
2029	190,000	305,800	495,800
2030	200,000	298,200	498,200
2031	205,000	290,200	495,200
2032	215,000	282,000	497,000
2033	225,000	273,400	498,400
2034	235,000	264,400	499,400
2035	245,000	255,000	500,000
2036	260,000	245,200	505,200
2037	270,000	234,800	504,800
2038	280,000	224,000	504,000
2039	295,000	212,800	507,800
2040	310,000	201,000	511,000
2041	320,000	188,600	508,600
2042	335,000	175,800	510,800
2043	350,000	162,400	512,400
2044	365,000	148,400	513,400
2045	385,000	133,800	518,800
2046	400,000	118,400	518,400
2047	420,000	102,400	522,400
2048	435,000	85,600	520,600
2049	455,000	68,200	523,200
2050	1,250,000	50,000	1,300,000
Totals	$ 8,000,000	$ 5,273,400	$ 13,273,400

Harris County Municipal Utility District No. 534
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Road Series 2025		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ -	$ 198,925	$ 198,925
2027	105,000	198,925	303,925
2028	105,000	192,100	297,100
2029	105,000	185,275	290,275
2030	105,000	178,450	283,450
2031	105,000	171,625	276,625
2032	105,000	164,800	269,800
2033	105,000	160,600	265,600
2034	105,000	156,400	261,400
2035	105,000	152,200	257,200
2036	105,000	148,000	253,000
2037	105,000	143,800	248,800
2038	105,000	139,600	244,600
2039	105,000	135,400	240,400
2040	105,000	131,200	236,200
2041	100,000	127,000	227,000
2042	100,000	123,000	223,000
2043	100,000	119,000	219,000
2044	100,000	114,875	214,875
2045	100,000	110,750	210,750
2046	100,000	106,500	206,500
2047	100,000	102,250	202,250
2048	100,000	98,000	198,000
2049	100,000	93,750	193,750
2050	500,000	89,375	589,375
2051	750,000	67,500	817,500
2052	750,000	33,750	783,750
Totals	$ 4,370,000	$ 3,643,050	$ 8,013,050

Harris County Municipal Utility District No. 534
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2025		
	Principal Due March 1	Interest Due March 1, September 1	Total
2026	$ -	$ 214,660	$ 214,660
2027	145,000	235,625	380,625
2028	140,000	228,500	368,500
2029	140,000	221,500	361,500
2030	140,000	214,500	354,500
2031	140,000	207,500	347,500
2032	140,000	200,500	340,500
2033	140,000	193,500	333,500
2034	140,000	187,200	327,200
2035	140,000	181,600	321,600
2036	140,000	176,000	316,000
2037	140,000	170,400	310,400
2038	140,000	164,800	304,800
2039	140,000	159,025	299,025
2040	140,000	153,075	293,075
2041	140,000	146,950	286,950
2042	140,000	140,650	280,650
2043	140,000	134,350	274,350
2044	140,000	128,050	268,050
2045	140,000	121,575	261,575
2046	140,000	114,925	254,925
2047	140,000	108,275	248,275
2048	140,000	101,625	241,625
2049	140,000	94,975	234,975
2050	140,000	88,325	228,325
2051	850,000	63,750	913,750
2052	850,000	21,250	871,250
Totals	$ 5,065,000	$ 4,173,085	$ 9,238,085

Harris County Municipal Utility District No. 534
Schedule of Long-Term Debt Service Requirements by Years
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	$ 700,000	$ 2,305,965	$ 3,005,965
2027	1,160,000	2,277,581	3,437,581
2028	1,195,000	2,204,807	3,399,807
2029	1,240,000	2,129,506	3,369,506
2030	1,290,000	2,051,306	3,341,306
2031	1,340,000	1,984,606	3,324,606
2032	1,395,000	1,915,307	3,310,307
2033	1,445,000	1,852,956	3,297,956
2034	1,505,000	1,789,057	3,294,057
2035	1,570,000	1,723,180	3,293,180
2036	1,635,000	1,654,407	3,289,407
2037	1,705,000	1,582,082	3,287,082
2038	1,775,000	1,506,569	3,281,569
2039	1,850,000	1,425,000	3,275,000
2040	1,925,000	1,339,731	3,264,731
2041	2,005,000	1,250,812	3,255,812
2042	2,095,000	1,157,888	3,252,888
2043	2,180,000	1,060,731	3,240,731
2044	2,270,000	959,469	3,229,469
2045	2,380,000	853,800	3,233,800
2046	2,475,000	742,694	3,217,694
2047	2,585,000	627,100	3,212,100
2048	2,695,000	505,587	3,200,587
2049	2,815,000	378,850	3,193,850
2050	2,355,000	246,300	2,601,300
2051	1,600,000	131,250	1,731,250
2052	1,600,000	55,000	1,655,000
Totals	$ 48,785,000	$ 35,711,541	$ 84,496,541

Harris County Municipal Utility District No. 534
Changes in Long-Term Bonded Debt
Year Ended December 31, 2025

	Bond			
	Road Series 2022	**Series 2023**	**Road Series 2023**	**Road Series 2024**
Interest rates	5.00% to 7.50%	4.50% to 7.00%	4.50% to 7.00%	4.00% to 6.50%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2026/2049	September 1, 2026/2049	September 1, 2026/2049	September 1, 2026/2050
Bonds outstanding, beginning of current year	$ 10,015,000	$ 10,000,000	$ 5,000,000	$ 7,000,000
Bonds sold during current year	-	-	-	-
Retirements, principal	205,000	215,000	110,000	135,000
Bonds outstanding, end of current year	$ 9,810,000	$ 9,785,000	$ 4,890,000	$ 6,865,000
Interest paid during current year	$ 539,419	$ 514,575	$ 257,412	$ 307,875

Paying agent's name and address

Series 2022 Road	– 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
Series 2023 Road	– The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2024 Road	– 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
Series 2025 Road	– 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

Bond authority

	Water, Sewer, and Drainage Bonds	**Park and Recreational Bonds**	**Road Bonds**	**Refunding Bonds**
Amount authorized by voters	$ 115,000,000	$ 24,000,000	$ 70,000,000	$ 209,000,000
Amount issued	$ 23,065,000	$ -	$ 26,580,000	$ -
Remaining to be issued	$ 91,935,000	$ 24,000,000	$ 43,420,000	$ 209,000,000

Debt service fund cash and temporary investment balances as of December 31, 2025:	$ 3,067,646
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,129,502

Issues

Series 2024	Road Series 2025	Series 2025	Totals
4.00%	4.00% to 6.50%	4.00% to 5.00%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	
September 1, 2027/2050	September 1, 2027/2052	March 1, 2027/2052	
$ 8,000,000	$ -	$ -	$ 40,015,000
-	4,370,000	5,065,000	9,435,000
-	-	-	665,000
$ 8,000,000	$ 4,370,000	$ 5,065,000	$ 48,785,000
$ 272,889	$ 70,176	$ -	$ 1,962,346

Harris County Municipal Utility District No. 534
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,

	Amounts				
	2025	**2024**	**2023**	**2022**	**2021**
General Fund					
Revenues					
Property taxes	$ 800,777	$ 1,069,873	$ 359,496	$ 206,674	$ -
Water service	419,006	326,651	192,991	72,312	1,237
Sewer service	565,931	296,904	149,713	45,214	257
Regional water fee	837,468	691,135	454,736	220,421	-
Penalty and interest	19,750	16,828	7,285	3,020	-
Tap connection and inspection fees	862,179	1,955,886	614,647	573,782	46,061
Investment income	76,212	53,944	234	63	6
Other income	6,270	-	8,426	2,180	1,623
Total Revenues	3,587,593	4,411,221	1,787,528	1,123,666	49,184
Expenditures					
Service operations					
Purchased services	1,110,660	994,980	726,480	215,180	-
Regional water authority	890,897	717,109	482,819	226,841	3,370
Professional fees	128,549	126,599	150,670	165,009	139,494
Contracted services	160,671	154,740	149,157	109,658	8,563
Solid waste	346,719	203,776	92,041	18,026	-
Repairs and maintenance	257,750	263,036	144,640	98,617	7,721
Other expenditures	28,499	25,182	13,606	18,406	19,625
Tap connections	392,334	543,814	385,134	315,847	25,243
Total Expenditures	3,316,079	3,029,236	2,144,547	1,167,584	204,016
Excess (Deficiency) of Revenues Over Expenditures	271,514	1,381,985	(357,019)	(43,918)	(154,832)
Other Financing Sources (Uses)					
Interfund transfers in (out)	-	-	46,215	(139,201)	-
Developer advances received	-	-	310,000	140,000	140,000
Total Other Financing Sources	-	-	356,215	799	140,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	271,514	1,381,985	(804)	(43,119)	(14,832)
Fund Balance (Deficit), Beginning of Year	1,313,154	(68,831)	(68,027)	(24,908)	(10,076)
Fund Balance (Deficit), End of Year	$ 1,584,668	$ 1,313,154	$ (68,831)	$ (68,027)	$ (24,908)
Total Active Retail Water Connections	1,461	1,187	758	403	29
Total Active Retail Wastewater Connections	1,404	1,132	712	369	26

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
22.3 %	24.3 %	20.1 %	18.4 %	- %
11.7	7.4	10.8	6.4	2.5
15.8	6.7	8.4	4.0	0.5
23.3	15.7	25.4	19.6	-
0.6	0.4	0.4	0.3	-
24.0	44.3	34.4	51.1	93.7
2.1	1.2	0.0	0.0	0.0
0.2	-	0.5	0.2	3.3
100.0	100.0	100.0	100.0	100.0
31.0	22.6	40.6	19.1	-
24.8	16.3	27.0	20.2	6.9
3.6	2.9	8.4	14.7	283.6
4.5	3.5	8.3	9.8	17.4
9.6	4.6	5.2	1.6	-
7.2	5.9	8.1	8.8	15.7
0.8	0.6	0.8	1.6	39.9
10.9	12.3	21.6	28.1	51.3
92.4	68.7	120.0	103.9	414.8
7.6 %	31.3 %	(20.0) %	(3.9) %	(314.8) %

Harris County Municipal Utility District No. 534
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Four Years Ended December 31,

	Amounts			
	2025	**2024**	**2023**	**2022**
Debt Service Fund				
Revenues				
Property taxes	$ 4,750,592	$ 2,138,640	$ 350,036	$ -
Penalty and interest	38,034	24,595	5,423	-
Investment income	117,700	113,624	60,430	5,400
Other income	11,489	150,027	3,330	-
Total Revenues	4,917,815	2,426,886	419,219	5,400
Expenditures				
Current				
Professional fees	11,363	7,451	1,892	-
Contracted services	70,015	50,243	22,090	-
Other expenditures	8,098	9,536	7,283	-
Debt service				
Principal retirement	665,000	195,000	-	-
Interest and fees	1,966,096	1,341,186	436,290	-
Contractual obligations	2,893,283	1,647,275	340,875	106,087
Total Expenditures	5,613,855	3,250,691	808,430	106,087
Deficiency of Revenues Over Expenditures	(696,040)	(823,805)	(389,211)	(100,687)
Other Financing Sources (Uses)				
General obligation bonds issued	424,975	627,875	1,250,000	1,072,050
Interfund transfers in (out)	-	-	(46,215)	139,201
Total Other Financing Sources	424,975	627,875	1,203,785	1,211,251
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(271,065)	(195,930)	814,574	1,110,564
Fund Balance, Beginning of Year	1,729,208	1,925,138	1,110,564	-
Fund Balance, End of Year	$ 1,458,143	$ 1,729,208	$ 1,925,138	$ 1,110,564

Percent of Fund Total Revenues			
2025	**2024**	**2023**	**2022**
96.6 %	88.1 %	83.5 %	- %
0.8	1.0	1.3	-
2.4	4.7	14.4	100.0
0.2	6.2	0.8	-
100.0	100.0	100.0	100.0
0.2	0.3	0.4	-
1.4	2.1	5.3	-
0.2	0.4	1.7	-
13.5	8.0	-	-
40.0	55.2	104.1	-
58.8	67.9	81.3	1,964.6
114.1	133.9	192.8	1,964.6
(14.1) %	(33.9) %	(92.8) %	(1,864.6) %

Harris County Municipal Utility District No. 534
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025

Complete District mailing address:	Harris County Municipal Utility District No. 534 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 49.054):		December 17, 2025
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
Alex Jackson	Elected 05/22–05/26	$ 1,768	$ 40	President
Matthew Ferraro	Elected 05/24–05/28	2,652	1,362	Vice President
Tracey Scott	Elected 05/24–05/28	5,083	1,159	Secretary
Alex Sanchez	Appointed 12/25–05/26	-	-	Assistant Vice President
Sherri McElwee	Elected 05/22–05/26	2,431	78	Assistant Secretary
Timothy Austin	Appointed 01/24–12/25	1,989	63	Resigned

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

Harris County Municipal Utility District No. 534
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	01/30/20	$ 58,989 275,114	General Counsel Bond Counsel
BGE, Inc.	01/30/20	123,058	Engineer
District Data Services, Inc.	07/27/22	27,269	Bookkeeper
Forvis Mazars, LLP	01/25/22	56,900	Auditor
Harris Central Appraisal District	Legislative Action	48,307	Appraiser
Masterson Advisors LLC	01/30/20	201,169	Financial Advisor
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/08/21	11,363	Delinquent Tax Attorney
Si Environmental LLC	02/08/21	788,268	Operator
Utility Tax Service, LLC	08/13/20	31,179	Tax Assessor/ Collector
Investment Officer			
Stephanie Viator	07/27/22	N/A	Bookkeeper

APPENDIX C

Specimen Municipal Bond Insurance Policy

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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