OFFICIAL STATEMENT DATED NOVEMBER 9, 2026

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

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

NEW ISSUE-BOOK-ENTRY-ONLY

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 458

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

$3,000,000
UNLIMITED TAX BONDS
SERIES 2026

Dated Date: December 1, 2026 **Due: September 1, as shown on the cover**
Interest Accrual Date: Date of Delivery

The bonds described above (the "Bonds") are obligations solely of Harris County Municipal Utility District No. 458 (the "District"), and are not obligations of the State of Texas, Harris County, the City of Houston, the Master District (as defined herein) or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about December 15, 2026) (the "Date of Delivery") and is payable on each March 1 and September 1 (each an "Interest Payment Date") commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the cover.

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



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

MATURITY SCHEDULE

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2028	$ 65,000	7.50%	3.30%	41453W CF0	2041	$ 120,000 (a)	5.00%	4.60%	41453W CU7
2029	65,000	7.50%	3.40%	41453W CG8	2042	125,000 (a)	5.00%	4.70%	41453W CV5
2030	70,000	7.50%	3.50%	41453W CH6	2043	130,000 (a)	5.00%	4.78%	41453W CW3
2031	75,000	7.00%	3.60%	41453W CJ2	2044	135,000 (a)	5.00%	4.83%	41453W CX1
2032	75,000	5.00%	3.70%	41453W CK9	2045	145,000 (a)	5.00%	4.88%	41453W CY9
2033	80,000 (a)	5.00%	3.80%	41453W CL7	2046	150,000 (a)	5.00%	4.93%	41453W CZ6
2034	85,000 (a)	5.00%	3.90%	41453W CM5	2047	160,000 (a)	5.00%	5.00%	41453W DA0
2035	90,000 (a)	5.00%	4.00%	41453W CN3	2048	165,000 (a)	5.00%	5.04%	41453W DB8
2036	95,000 (a)	5.00%	4.10%	41453W CP8	2049	175,000 (a)	5.00%	5.08%	41453W DC6
2037	95,000 (a)	5.00%	4.20%	41453W CQ6	2050	185,000 (a)	5.00%	5.11%	41453W DD4
2038	100,000 (a)	5.00%	4.30%	41453W CR4	2051	195,000 (a)	5.00%	5.14%	41453W DE2
2039	105,000 (a)	5.00%	4.40%	41453W CS2	2052	200,000 (a)	5.00%	5.16%	41453W DF9
2040	115,000 (a)	5.00%	4.50%	41453W CT0					

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

(b) Initial Reoffering Yield represents the initial offering yield to the public, which will be established by the Underwriter for offers to the public and which subsequently may be changed.

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

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein.

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson, LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about December 15, 2026.

TABLE OF CONTENTS

MATURITY SCHEDULE **1**
USE OF INFORMATION IN OFFICIAL STATEMENT **3**
SALE AND DISTRIBUTION OF THE BONDS **4**
Award of the Bonds 4
Prices and Marketability 4
Securities Laws 4
OFFICIAL STATEMENT SUMMARY **5**
SELECTED FINANCIAL INFORMATION (UNAUDITED) **8**
THE BONDS **9**
Description 9
Method of Payment of Principal and Interest 9
Source of Payment 9
No Arbitrage 10
Funds 10
Redemption Provisions 10
Authority for Issuance 11
Registration and Transfer 11
Lost, Stolen or Destroyed Bonds 11
Replacement of Paying Agent/Registrar 11
Legal Investment and Eligibility to Secure Public Funds in Texas 12
Issuance of Additional Debt 12
Annexation by the City of Houston 12
Consolidation 13
Remedies in Event of Default 13
Defeasance 13
BOOK-ENTRY-ONLY SYSTEM **14**
USE AND DISTRIBUTION OF BOND PROCEEDS **16**
ELYSON **16**
THE DISTRICT **17**
General 17
Description and Location 17
Land Use 17
Status of Development 18
Future Development 18
THE DEVELOPERS **18**
Role of a Developer 18
NASH FM529 LLC 19
PPE GCW, LP 19
Obligations of the Developers 19
MANAGEMENT OF THE DISTRICT **20**
Board of Directors 20
District Consultants 20
THE SYSTEM **21**
The Master District Contract 21
Master District Facilities 22
Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities 22
Flood Protection and Drainage 22
Subsidence and Conversion to Surface Water Supply 23
Regulation 23
Water and Wastewater Operations 24
THE ROAD SYSTEM **25**
FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) **26**
Investments of the District 26
Outstanding Bonds 26
Debt Service Requirements 27
Estimated Overlapping Debt 28
Overlapping Taxes 28
TAX DATA **29**
Debt Service Tax 29
Contract Tax 29
Maintenance and Operations Tax 29
Historical Tax Rate Distribution 29
Historical Tax Collections 29
Additional Penalties 30
Tax Roll Information 30
Principal Taxpayers 30
Tax Adequacy for Debt Service 31
TAXING PROCEDURES **31**
Authority to Levy Taxes 31
Property Tax Code and County-Wide Appraisal District 31
Property Subject to Taxation by the District 32
Tax Abatement 33
Valuation of Property for Taxation 33
District and Taxpayer Remedies 33
Levy and Collection of Taxes 34
Rollback of Operation and Maintenance Tax Rate 34
District's Rights in the Event of Tax Delinquencies 35
RISK FACTORS **35**
General 35
Dependence on Major Taxpayers and the Developers 35
Undeveloped Acreage, Vacant Land and Vacant Lots 36
Economic Factors and Interest Rates 36
Credit Markets and Liquidity in the Financial Markets 36
Competition 36
Trade Disruptions and Increase in Costs of Building Materials 37
Developer Obligation to the District 37
Rental Homes 37
Possible Impact on District Tax Rates 37
Overlapping Master District Debt and Contract Tax 37
Tax Collections Limitations and Foreclosure Remedies 38
Specific Flood Type Risks 39
Atlas 14 39
Potential Effects of Oil Price Fluctuations on the Houston Area 39
Extreme Weather Events 39
Registered Owners' Remedies and Bankruptcy Limitations 39
Future Debt 40
Marketability of the Bonds 41
Environmental and Air Quality Regulations 41
Changes in Tax Legislation 42
Continuing Compliance with Certain Covenants 42
Cybersecurity 42
Risk Factors Related to the Purchase of Municipal Bond Insurance 43
MUNICIPAL BOND RATING **43**
MUNICIPAL BOND INSURANCE **43**
Bond Insurance Policy 43
Build America Mutual Assurance Company 43
LEGAL MATTERS **45**
Legal Proceedings 45
No Material Adverse Change 45
No-Litigation Certificate 45
TAX MATTERS **45**
Tax Exemption 45
Qualified Tax-Exempt Obligations 46
Additional Federal Income Tax Considerations 46
Tax Legislative Changes 47
PREPARATION OF OFFICIAL STATEMENT **48**
Sources and Compilation of Information 48
Financial Advisor 48
Consultants 48
Updating the Official Statement 48
Certification of Official Statement 49
CONTINUING DISCLOSURE OF INFORMATION **49**
Annual Reports 49
Event Notices 49
Availability of Information from the MSRB 50
Limitations and Amendments 50
Compliance With Prior Undertakings 50
MISCELLANEOUS **50**
AERIAL LOCATION MAP
PHOTOGRAPHS OF THE DISTRICT
APPENDIX A—Independent Auditor's Report and Financial Statements of the District for the year ended December 31, 2025
APPENDIX B—Specimen Municipal Bond Insurance Policy

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Robert W. Baird & Co., Inc. (the "Underwriter"), paying the interest rates shown on the cover page hereof, at a price of 97.00% of the principal amount thereof which resulted in a net effective interest rate of 5.228306% as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... Harris County Municipal Utility District No. 458 (the "District") is a political subdivision of the State of Texas, created by an order of the Texas Commission of Environmental Quality (the "TCEQ") on December 21, 2006, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8418 of the Texas Special District Local Laws Code. The District consists of approximately 589 acres of land. See "THE DISTRICT."

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

Elyson… The District is one of six municipal utility districts being developed and marketed as part of Elyson, a master-planned community currently planned to encompass approximately 3,599 acres at full development.

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 the District are or are planned to be connected by a master trail system.

The Developers… NASH FM 529, LLC ("Nash FM 529") a Delaware limited liability company, was created for the sole purpose of acquiring and developing Elyson, including the District, and its only substantial asset consists of land in Elyson. North America Sekisui House L.L.C., a Delaware limited liability company, owns a 95% interest in NASH FM 529. American Newland Communities II, LLC., a Delaware limited liability company ("Newland") owns a 5% interest in NASH FM 529. Newland is wholly owned by Brookfield Communities US, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development L.L.C. ("Brookfield"), which is indirectly wholly owned by Brookfield Residential Properties, Inc. Brookfield is a global developer and operator of real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics. NASH FM 529 has currently developed approximately 46 acres within the District. Such acreage consists of approximately 16 acres for single-family rental residential being marketed as Millers at Elyson (126 lots and 13 duplexes) and approximately 30 acres of traditional single-family residential (145 lots). Nash FM 529 continues to own approximately 147 acres of vacant land within the District.

PPE GCW, LP, a Texas limited partnership and PPE GCW II LLC (collectively as "PPE") is the developer of approximately 149 acres of land in the District, all of which is served with trunk utilities. Approximately 37 acres of land and buildings of such acreage comprises the Builders FirstSource distribution center (838,446 square feet). Builders FirstSource leases such facilities from PPE 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 the District.

Nash FM 529, Brookfield and PPE are collectively referred to herein as the "Developers." Neither the Developers nor any other landowner are obligated to pay any principal of or interest on the Bonds. See "RISK FACTORS—Dependence on Major Taxpayers and the Developers," THE DISTRICT—Status of Development," "THE DEVELOPERS" and "TAX DATA—Principal Taxpayers."

Status of Development…

As of September 15, 2026, single-family residential includes 126 rental home lots and 13 duplex lots (26 residential units) on approximately 16 acres of such development, and 139 rental homes/duplex lots were completed and occupied. The rental community is owned and leased by Brookfield. See "RISK FACTORS—Rental Homes." In addition, approximately 30 acres within the District has been developed as Elyson Cy-Fair, Section One, consisting of 145 traditional single-family lots. As of September 15, 2026, 43 traditional single-family homes were completed and occupied, 54 traditional single-family homes were under construction and 48 traditional single-family lots were vacant. Brookfield and David Weekley are the homebuilders within such traditional single-family residential sections with prices ranging from approximately $350,000 to $425,000.

Commercial/Industrial: Approximately 195 acres within the District have been served with trunk utilities for commercial/industrial use, of which approximately 64 acres have had taxable improvements constructed as of September 15, 2026. Such development currently includes the Builders FirstSource distribution center (838,446 square feet) which has been constructed on approximately 37 acres of such acreage and Southeastern Freight Lines which has constructed a truck terminal, service center and offices constructed on approximately 27 acres of such acreage.

Tax-Exempt: Harmony Charter School owns approximately 26 acres within the District upon which a school campus has been constructed. The school site is exempt from ad valorem taxation.

Approximately 206 acres are not developable (public right-of-way, detention, lakes, amenities, open spaces, easements, parks and utility sites), and approximately 116 developable acres have not been provided with trunk facilities as of September 15, 2026. See "RISK FACTORS," "THE DISTRICT—Status of Development," and "TAX DATA—Principal Taxpayers."

Water and Wastewater…

Harris County Municipal Utility District No. 171 (the "Master District"), in its capacity as the provider of regional water, wastewater, storm sewer facilities ("Master District Water/Sewer/Drainage Facilities"), regional park facilities ("Master District Park Facilities"), regional road facilities ("Master District Road Facilities") and other facilities necessary to serve the Service Area (as defined herein), including the District (hereinafter collectively referred to as the "Master District Facilities"), has contracted with the District to construct and provide service from the Master District Facilities. The Master District owns and operates the Master District Facilities, with the exception of roads conveyed to and accepted by Harris County. See "THE ROAD SYSTEM." The District provides the internal water distribution, wastewater collection and storm drainage utilities within its boundaries. See "RISK FACTORS—Overlapping Master District Debt and Contract Tax," "THE SYSTEM—The Master District Contract," and "—Master District Facilities."

Payment Record…

The District has previously issued $3,510,000 principal amount of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities in one series and $5,590,000 principal amount of unlimited tax bonds for road purposes in one series, $9,000,000 of which collectively remains outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The Bonds are the District's second issuance of unlimited tax bonds for water, sewer and drainage facilities. The District capitalized $325,725 of interest from proceeds of the Series 2025 Bonds in December 2025 and will capitalize $150,000 of interest from Bond proceeds for payment of principal and interest on the Bonds. The District has never defaulted on its debt service obligations. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

THE BONDS

Description...

The $3,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are being issued as fully registered bonds pursuant to a resolution (the "Bond Resolution") authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in the years 2028 through 2052, both inclusive, in the principal amounts and accrue interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery, and is payable on March 1, 2027, and each September 1 and March 1 thereafter, until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. See "THE BONDS."

Book-Entry-Only System...	The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully- registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on or after September 1, 2033, are subject to redemption prior to their maturity dates in whole, or from time to time in part, at the option of the District on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds of the Bonds will be used to pay for items as shown under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to capitalize $150,000 of interest on the Bonds; to pay interest on funds advanced by the Developers on behalf of the District; to pay creation costs; to pay operating expenses; to pay engineering fees and administrative costs; and to pay certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance...	The Bonds are the second series of bonds issued out of an aggregate of $158,180,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sewer and drainage facilities and for the further purpose of refunding such bonds. The Bonds are issued by the District pursuant to an election held within the District, an order of the TCEQ, the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt," and "RISK FACTORS—Future Debt."
Source of Payment...	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, the Master District or any entity other than the District. See "THE BONDS—Source of Payment."
Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
Qualified Tax-Exempt Obligations...	The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations."
Bond Counsel...	Allen Boone Humphries Robinson LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."
Financial Advisor…	Masterson Advisors LLC, Houston, Texas.
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas.

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$236,589,475	(a)
Estimated Taxable Assessed Valuation as of September 15, 2026	$258,725,288	(b)
Gross Direct Debt Outstanding	$12,000,000	(c)
Estimated Overlapping Debt	20,923,937	(d)
Gross Direct Debt and Estimated Overlapping Debt	$32,923,937	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	5.07%	
Estimated Taxable Assessed Valuation as of September 15, 2026	4.64%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	13.92%	
Estimated Taxable Assessed Valuation as of September 15, 2026	12.73%	
Debt Service Funds Available:		
WSD Debt Service Funds Available as of September 14, 2026	$215,614	(e)
Road Debt Service Funds Available as of September 14, 2026	184,755	(e)(f)
Capitalized Interest from Bonds Proceeds	150,000	(f)
Total Debt Service Funds Available	$550,369	
Operating Funds Available as of September 14, 2026	$1,649,471	
WSD Capital Projects Funds Available as of September 14, 2026	$ 56,034	(g)
Road Capital Projects Funds Available as of September 14, 2026	$ 312,625	
Contract Tax Funds Available as of September 14, 2026	$ 2,971	(h)
2026 Debt Service Tax Rate	$0.18	
2026 Maintenance Tax Rate	0.25	
2026 Contract Tax Rate	0.77	(h)
2026 Total Tax Rate	$1.20	(i)
Average Annual Debt Service Requirement (2027-2052)	$816,778	(j)
Maximum Annual Debt Service Requirement (2052)	$843,738	(j)
Tax Rates Required to Pay Average Annual Debt Service (2027-2052) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.37	(k)
Based upon Estimated Taxable Assessed Valuation as of September 15, 2026	$0.34	(k)
Tax Rates Required to Pay Maximum Annual Debt Service (2052) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.38	(k)
Based upon Estimated Taxable Assessed Valuation as of September 15, 2026	$0.35	(k)
Status of Development as of September 15, 2026 (k):		
Rental Single-Family		
Total Rental Single-Family Lots Completed (126 lots and 13 Duplex)	139	
Total Rental Single-Family Occupied	139	
Traditional Single-Family		
Total Traditional Single-Family Lots Completed	145	
Total Traditional Single-Family Occupied	43	
Total Traditional Single-Family Under Construction	54	
Total Traditional Single-Family Lots Available for Home Construction	48	
Commercial/Industrial	(l)	
Estimated Population	637	(m)

(a) The 2026 Taxable Assessed Valuation shown herein includes $189,276,220 of certified value and $47,313,255 of uncertified value. The uncertified value represents the opinion after protest from the Harris Central Appraisal District (the "Appraisal District"); however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

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

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

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

(e) Funds in the Water/Sewer/Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities ("WSD Bonds"), including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on bonds issued for road facilities and are not available to pay debt service on the WSD Bonds. See "THE BONDS—Funds."

(f) The Road Debt Service Fund consists of capitalized interest from the Outstanding Bonds. The District will capitalize $150,000 of interest from the Bonds proceeds and deposit such funds in the Water/Sewer/Drainage Debt Service Fund. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

(g) Represents surplus capital projects funds, and interest thereon, derived from the Outstanding WSD Bonds. The District will contribute $37,284 of surplus capital projects funds toward the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The Bonds, if, as and when issued, may produce additional surplus funds. Surplus funds for capital projects may be expended for any lawful purpose for which surplus funds may be used, limited, however, to the purposes for which the issue of the Outstanding WSD Bonds which produced the surplus funds were issued. Under certain circumstances, the approval of the TCEQ is required for the use of surplus funds derived from the Outstanding WSD Bonds.

(h) See "RISK FACTORS—-Overlapping Master District Debt and Contract Tax" and "THE SYSTEM—The Master District Contract."

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

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

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

(l) See "THE DISTRICT—Status of Development."

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

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 458

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

$3,000,000
UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 458 (the "District") of its $3,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

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

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

THE BONDS

Description

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

Method of Payment of Principal and Interest

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

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

Source of Payment

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

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

No Arbitrage

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

Funds

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

The Water/Sewer/Drainage Debt Service Fund is available for payment of principal and interest on bonds issued for water, sewer and drainage facilities, including the Bonds. It is not available to pay principal or interest on bonds issued for road facilities.

The District maintains a Road Debt Service Fund that is available for payment of debt service on bonds issued for road facilities. It is not available to pay principal or interest on bonds issued for water, sewer and drainage facilities, including the Bonds.

$150,000 of capitalized interest shall be deposited into the Water/Sewer/Drainage Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Water/Sewer/Drainage Capital Projects Fund, to be used for the purpose of reimbursing certain of the Developers for certain construction costs and for paying engineering fees, administration costs and costs of issuance of the Bonds. Any monies remaining in the Water/Sewer/Drainage Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Water/Sewer/Drainage Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds.

Redemption Provisions

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

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

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

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

Authority for Issuance

At a bond election held within the District, voters of the District have authorized the issuance of $158,180,000 principal amount of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities and for refunding such bonds. See "THE BONDS—Issuance of Additional Debt" herein.

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

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

Registration and Transfer

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

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

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

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

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

Lost, Stolen or Destroyed Bonds

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

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

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT—General." The District's voters have authorized the issuance of $158,180,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds, $73,910,000 principal amount of unlimited tax bonds for constructing road facilities and related improvements and refunding such bonds, and $29,855,000 principal amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds. After issuance of the Bonds, $151,670,000 of the unlimited tax bonds for water, sewer and drainage facilities, $68,320,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities and refunding such bonds, and all of the unlimited tax bonds for constructing or acquiring parks and recreational facilities will remain authorized but unissued. See "RISK FACTORS—Future Debt."

If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District.

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

Annexation by the City of Houston

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

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

Consolidation

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

Remedies in Event of Default

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by BGE, Inc., the District's engineer (the "Engineer"), and were submitted to the TCEQ in the District's Bond application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The 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 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, if approved by the TCEQ, where required.

CONSTRUCTION COSTS		
Elyson Falls SFR Built to Rent	$	1,364,269
Elyson Square Way and Elyson Center Drive Street Dedication		331,689
Engineering, Geotechnical, and Storm Water Pollution Prevention		257,321
Total Construction Costs	**$**	**1,953,279**
Less: Surplus Funds (a)	**$**	**(37,284)**
Total Net Construction Costs	**$**	**1,915,995**
NON-CONSTRUCTION COSTS		
Bond Discount (b)	$	90,000
Capitalized Interest (b)		150,000
Developer Interest (Estimated)		396,962
Total Non-Construction Costs	**$**	**636,962**
ISSUANCE COSTS AND FEES		
Issuance Costs and Professional Fees	$	371,543
Bond Application Report Cost		65,000
State Regulatory Fees		10,500
Total Issuance Costs and Fees	**$**	**447,043**
TOTAL BOND ISSUE	**$**	**3,000,000**

(a) The District will contribute $37,284 of surplus capital projects funds toward the issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."

(b) The TCEQ approved a maximum Underwriter's Discount of 3.00% and $150,000 of capitalized interest.

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

ELYSON

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

THE DISTRICT

General

The District is a municipal utility district created by the TCEQ on December 21, 2006. 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 III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8418 of the Texas Special District Local Laws Code.

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

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

Description and Location

The District consists of approximately 589 acres of land. The District is located in Harris County approximately 35 miles west of the central downtown business district of the City of Houston. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of Cypress-Fairbanks Independent School District. Access to the District is provided by the Grand Parkway (Texas State Highway 99). Main thoroughfares to the community include Farm-to-Market 529, Peek Road, and Beckendorff Road with the main entrance to Elyson on Farm-to-Market 529. Other thoroughfares to the Service Area include Peek Road, Beckendorff Road, and Stockdick School Road. See "AERIAL LOCATION MAP."

Land Use

The table below represents a detailed breakdown of the current acreage and development in the District. See "Status of Development" herein.

	Approximate Acres	Lots
Single-Family Residential		
Millers at Elyson (a)……..	16	152
Elyson Cy-Fair, Section One……..	30	145
	46	297
Commercial Tracts (b) ……..	195	-
School Sites (Tax-Exempt) (c) ……..	26	-
Future Development ……..	116	-
Undevelopable (d) ……..	206	-
District Total……	589	297

(a) Represents rental single-family home development consisting of 126 home lots and 13 duplex lots (26 residential units.)
(b) All such acreage is served with trunk utilities and includes approximately 64 acres of vertical improvements to date.
(c) Harmony Charter School campus.
(d) Represents rights-of-way, detention ponds, lakes, amenities, drainage and pipeline easements, parks, and recreational and open space.

Status of Development

Single-Family Residential: As of September 15, 2026, single-family residential includes 126 rental home lots and 13 rental duplex lots (26 residential units) on approximately 16 acres of which, 139 rental homes/duplex lots were completed and occupied, 0 rental homes/duplex lots were under construction and 0 rental home/duplex lots were vacant. The rental community is owned and leased by Brookfield. See "RISK FACTORS—Rental Homes." In addition, approximately 30 acres within the District has been developed as Elyson Cy-Fair, Section One, consisting of 145 traditional single-family lots. As of September 15, 2026, 43 traditional single-family homes were completed and occupied, 54 traditional single-family homes were under construction and 48 traditional single-family lots were vacant. Brookfield and David Weekley are the homebuilders within such section with prices ranging from approximately $350,000 to $425,000.

Commercial/Industrial: As of September 15, 2026, approximately 195 acres within the District have been served with trunk utilities for commercial/industrial use, of which approximately 64 acres have had taxable improvements constructed. Such development currently includes the Builders FirstSource distribution center (838,446 square feet) which has been constructed on approximately 37 acres of such acreage and Southeastern Freight Lines which has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage.

Tax-Exempt: Harmony Charter School owns approximately 26 acres within the District upon which a school campus has been constructed. The school site is exempt from ad valorem taxation.

In addition, approximately 206 acres are not developable (public right-of-way, detention, lakes, amenities, open spaces, easements, parks and utility sites) and approximately 116 developable acres have not been provided with trunk facilities. See "RISK FACTORS," and "TAX DATA—Principal Taxpayers."

Future Development

There are approximately 116 acres of land available for development but not yet served with underground water, sanitary sewer and drainage trunk utilities for future development as of September 15, 2026. There can be no assurances when or if any taxable improvements will ever be constructed. The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water), the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of $249,845,000 should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, roads and recreation system for full development of the District.

THE DEVELOPERS

Role of a Developer

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

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

NASH FM529 LLC

NASH FM 529, LLC a Delaware limited liability company, was created for the sole purpose of acquiring and developing Elyson, including the District, and its only substantial asset consists of land in Elyson. North America Sekisui House L.L.C., a Delaware limited liability company, owns a 95% interest in NASH FM 529. American Newland Communities II, LLC., a Delaware limited liability company ("Newland") owns a 5% interest in NASH FM 529. Newland is wholly owned by Brookfield Communities US, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development L.L.C. ("Brookfield"), which is indirectly wholly owned by Brookfield Residential Properties, Inc. Brookfield is a global developer and operator of real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics. As of August 15, 2026, NASH FM 529 has developed approximately 46 acres within the District. Such acreage consists of approximately 16 acres for single-family rental residential being marketed as Miller's at Elyson (126 lots and 13 duplexes) and approximately 30 acres of traditional single-family residential (145 lots). As of September 15, 2026, Nash FM 529 owns approximately 147 acres of vacant developable land within the District.

PPE GCW, LP

PPE GCW, LP, a Texas limited partnership and PPE GCW II LLC is the developer of approximately 149 acres of land in the District, all of which are served with trunk utilities. Approximately 37 acres of land and buildings of such acreage comprises the Builders FirstSource distribution center (838,446 square feet). Builders FirstSource leases such facilities from PPE 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 the District.

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

Obligations of the Developers

Nash FM 529, Brookfield and PPE are collectively referred to herein as the "Developers." Neither the Developers nor any other landowner are obligated to pay any principal of or interest on the Bonds. Neither the Developers or any other landowner have any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time. See "RISK FACTORS—Dependence on Major Taxpayers and the Developers," THE DISTRICT—Status of Development," "TAX DATA—Principal Taxpayers."

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections are held in May in even numbered years only. All of the members of the Board own land within the District, subject to a note and deed of trust in favor of NASH FM 529. Directors have staggered four-year terms. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	Title	Term Expires
David L. Williamson	President	May 2030
Katie A. Golzarri	Vice President	May 2030
Jared Bowlin	Secretary	May 2030
Monte Lowery	Assistant Vice President	May 2028
Sherri McElwee	Assistant Secretary	May 2028

District Consultants

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

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

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

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

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

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

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

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

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

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

THE SYSTEM

The Master District Contract

The Master District provides certain regional water, sanitary sewer, storm sewer, parks, roads and other facilities (collectively, the "Master District Facilities") necessary to serve the Master District's approximately 3,599 acre service area (the "Service Area"), including the District. The Master District's Service Area includes the following municipal utility districts: MUD 171 (as an internal Participant), MUD 457, MUD 532, MUD 533, MUD 534 and the District. Each of MUD 171, MUD 457, MUD 532, MUD 533, MUD 534 and the District has executed a Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended (individually referred to as the "Master District Contract" and collectively referred to as the "Master District Contracts").

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

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

Master District Facilities

Water Supply: The water supply facilities of the Master District currently consist of six water wells with a total capacity of 5,500 gallons per minute (gpm), 4,215,000 gallons of ground storage tank capacity, pressure tank capacity of 150,000 gallons, booster pump capacity of 19,400 gpm, and all appurtenances. According to the Engineer, the major components of the Master District's water supply system have capacity to serve approximately 9,167 equivalent single-family connections. According to the Operator, as of September 15, 2026, the Participants have 4,142 active connections (including 3,777 active single-family connections, 40 vacant residential connections and 325 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 15, 2026, the Participants have 4,142 active connections (including 3,777 active single-family connections, 40 vacant residential connections and 325 homes under construction or in a builder's name).

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

Regional Road System: See "THE ROAD SYSTEM."

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

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

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Internal water distribution, wastewater collection and storm drainage facilities have been constructed by the District to serve approximately 195 acres of commercial/industrial tracts, approximately 46 acres of single-family tracts and approximately 26 acres of tax-exempt tracts. See "THE DISTRICT—Status of Development."

Flood Protection and Drainage

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

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

Subsidence and Conversion to Surface Water Supply

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

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

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

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

Regulation

Construction and operation of the District's facilities and the Master District Facilities as they now exist or as they may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District and the Master District. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Harris County Drainage District. Harris County and the City of Houston also exercise regulatory jurisdiction over the District and the Master District Facilities.

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

Water and Wastewater Operations

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

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

	1/1/2026 to 8/31/2026 (Unaudited)	Fiscal Year Ended December 31			
		2025	2024	2023	2022
Revenues					
Property Taxes	$ 487,530	$ 327,770	$ 439,542	$ 309,379	$ 320,451
Water Service	79,307	95,237	57,412	7,220	4,054
Sewer Service	72,372	88,282	19,946	3,761	1,205
Regional Water Fee	46,800	51,725	63,219	7,616	5,462
Penalties and Interest	4,342	4,974	3,492	5	607
Tap Connection and Inspection Fees	105,079	414,130	664,214	752,805	368,411
Investment Income	51,560	59,854	78,356	39,169	8,255
Other Income	-	-	20	3,439	430
Total Revenues	$ 846,990	$ 1,041,972	$ 1,326,201	$ 1,123,394	$ 708,875
Expenditures					
Purchased Services	$ 167,050	$ 297,360	$ 276,480	$ 53,820	$ 19,590
Regional Water Authority Fees	40,963	56,964	66,136	8,582	6,127
Professional Fees	128,717	123,166	111,204	105,452	116,282
Contracted Services	59,718	64,436	50,798	32,730	23,910
Repairs and Maintenance	39,342	49,211	31,345	19,952	2,238
Other Expenditures	13,697	16,559	19,182	14,609	19,149
Tap Connections	59,887	198,374	253,703	52,636	58,191
Capital Outlay	-	-	50,450	-	-
Debt Service, Contractual Obligation (a)	68,823	-	178,174	299,681	118,207
Total Expenditures	$ 578,198	$ 806,070	$ 1,037,472	$ 587,462	$ 363,694
Revenues Over (Under) Expenditures	$ 268,792	$ 235,902	$ 288,729	$ 535,932	$ 345,181
Other Sources					
Developer Advances	$ -	$ -	$ -	$ -	$ -
Transfers In (Out)	$ -	$ (18,182)	$ -	$ -	$ -
Fund Balance (Beginning of Year)	$ 1,509,385	$ 1,291,665	$ 1,002,936	$ 467,004	$ 121,823
Fund Balance (End of Year)	$ 1,778,177	$ 1,509,385	$ 1,291,665	$ 1,002,936	$ 467,004

(a) Reflects annual contract tax payments that the District pays for its pro rata share of principal and interest on the Master District contract revenue bonds. See "RISK FACTORS—Overlapping Master District Debt and Contract Tax."

THE ROAD SYSTEM

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

All roadways are designed and constructed in accordance with Harris County and City of Houston standards, rules and regulations. To date, Harris County has accepted the completed Master District Road Facilities for operation and maintenance and is responsible for operation and maintenance thereof. In the event Harris County were to fail to accept the Master District Road Facilities, the Master District is expected to include the cost of maintenance of same in the Master District's operation and maintenance expenses to be shared by the Participants in accordance with the Master District Contract, and such cost could be significant. These roads lie within the public 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 are being constructed by the Participants, including the District. The internal roadways constructed by the District are designed and constructed in accordance with Harris County and City of Houston standards, rules and regulations. To date, Harris County has accepted the District's completed road facilities for operation and maintenance and is responsible for operation and maintenance thereof. In the event that Harris County were to fail to accept the District's road facilities, the District is expected to include the cost of maintenance of same in the District's operation and maintenance expenses, and such cost could be significant. These roads lie within the public 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).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$236,589,475	(a)
Estimated Taxable Assessed Valuation as of September 15, 2026	$258,725,288	(b)
Gross Direct Debt Outstanding	$12,000,000	(c)
Estimated Overlapping Debt	20,923,937	(d)
Gross Direct Debt and Estimated Overlapping Debt	$32,923,937	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	5.07%	
Estimated Taxable Assessed Valuation as of September 15, 2026	4.64%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	13.92%	
Estimated Taxable Assessed Valuation as of September 15, 2026	12.73%	
Debt Service Funds Available:		
WSD Debt Service Funds Available as of September 14, 2026	$215,614	(e)
Road Debt Service Funds Available as of September 14, 2026	184,755	(e)(f)
Capitalized Interest from Bonds Proceeds	150,000	(f)
Total Debt Service Funds Available	$550,369	
Operating Funds Available as of September 14, 2026	$1,649,471	
WSD Capital Projects Funds Available as of September 14, 2026	$ 56,034	(g)
Road Capital Projects Funds Available as of September 14, 2026	$ 312,625	
Contract Tax Funds Available as of September 14, 2026	$ 2,971	(h)

(a) The 2026 Taxable Assessed Valuation shown herein includes $189,276,220 of certified value and $47,313,255 of uncertified value. The uncertified value represents the opinion after protest from the Appraisal District; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

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

(c) The Outstanding Bonds and the Bonds. See "—Outstanding Bonds" herein.

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

(e) Funds in the Water/Sewer/Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities ("WSD Bonds"), including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on bonds issued for road facilities and are not available to pay debt service on WSD Bonds. See "THE BONDS—Funds."

(f) The Road Debt Service Fund consists of capitalized interest from the Outstanding Bonds. The District will capitalize $150,000 of interest from the Bonds proceeds and deposit such funds in the Water/Sewer/Drainage Debt Service Fund. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

(g) Represents surplus capital projects funds, and interest thereon, derived from the Outstanding WSD Bonds. The District will contribute $37,284 of surplus capital projects funds toward the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The Bonds, if, as and when issued, may produce additional surplus funds. Surplus funds for capital projects may be expended for any lawful purpose for which surplus funds may be used, limited, however, to the purposes for which the issue of the Outstanding WSD Bonds which produced the surplus funds were issued. Under certain circumstances, the approval of the TCEQ is required for the use of surplus funds derived from the Outstanding WSD Bonds.

(h) See "RISK FACTORS—-Overlapping Master District Debt and Contract Tax Rates" and "THE SYSTEM—The Master District Contract."

Investments of the District

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

Outstanding Bonds

The District has previously issued one series of unlimited tax bonds for acquiring or constructing water, sewer, and drainage facilities in the principal amount of $3,510,000 and one series of unlimited tax bonds for road facilities in the principal amount of $5,590,000, $9,000,000 of which collectively remains outstanding as of the date hereof (the "Outstanding Bonds").

Series		Original Principal Amount	Outstanding Bonds As of 9/1/2026
2025	(a)	$ 5,590,000	$ 5,490,000
2025		3,510,000	3,510,000
Total		$ 9,100,000	$ 9,000,000

(a) Unlimited tax road bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds (see "Outstanding Bonds" in this section) and the Bonds. This schedule does not reflect the fact that the District capitalized $325,725 of interest from the Outstanding Bonds in December 2025 and will capitalize $150,000 of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 604,544		$ 111,289	$ 111,288.89	$ 715,832.64
2028	607,969	$ 65,000	156,500	221,500.00	829,468.75
2029	605,369	65,000	151,625	216,625.00	821,993.75
2030	597,094	70,000	146,750	216,750.00	813,843.75
2031	593,469	75,000	141,500	216,500.00	809,968.75
2032	589,169	75,000	136,250	211,250.00	800,418.75
2033	591,319	80,000	132,500	212,500.00	803,818.75
2034	589,200	85,000	128,500	213,500.00	802,700.00
2035	593,650	90,000	124,250	214,250.00	807,900.00
2036	592,450	95,000	119,750	214,750.00	807,200.00
2037	595,825	95,000	115,000	210,000.00	805,825.00
2038	598,550	100,000	110,250	210,250.00	808,800.00
2039	600,625	105,000	105,250	210,250.00	810,875.00
2040	602,050	115,000	100,000	215,000.00	817,050.00
2041	602,688	120,000	94,250	214,250.00	816,937.50
2042	612,500	125,000	88,250	213,250.00	825,750.00
2043	611,031	130,000	82,000	212,000.00	823,031.25
2044	613,894	135,000	75,500	210,500.00	824,393.75
2045	615,669	145,000	68,750	213,750.00	829,418.75
2046	616,219	150,000	61,500	211,500.00	827,718.75
2047	620,638	160,000	54,000	214,000.00	834,637.50
2048	623,900	165,000	46,000	211,000.00	834,900.00
2049	626,006	175,000	37,750	212,750.00	838,756.25
2050	626,700	185,000	29,000	214,000.00	840,700.00
2051	625,813	195,000	19,750	214,750.00	840,562.50
2052	633,738	200,000	10,000	210,000.00	843,737.50
Total	$ 15,790,075	$ 3,000,000	$ 2,446,164	$ 5,446,164	$ 21,236,238.89

Average Annual Debt Service Requirements (2027-2052) $816,778
Maximum Annual Debt Service Requirement (2052) $843,738

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds		As of	Overlapping Percent	Overlapping Amount
Harris County	$ 2,952,415,112	(a)	9/30/2026	0.02%	$ 590,483
Harris County Flood Control District	1,001,580,000		9/30/2026	0.02%	200,316
Harris County Department of Education	28,960,000		9/30/2026	0.02%	5,792
Harris County Hospital District	1,644,825,000		9/30/2026	0.02%	328,965
Port of Houston Authority	386,074,397		9/30/2026	0.02%	77,215
Cypress-Fairbanks Independent School District	3,264,440,000		9/30/2026	0.20%	6,528,880
Lone Star College System	336,455,000		9/30/2026	0.04%	134,582
The Master District	247,305,000	(b)	9/30/2026	5.28%	13,057,704
Total Estimated Overlapping Debt					$ 20,923,937
The District (c)					12,000,000
Total Direct and Estimated Overlapping Debt					$ 32,923,937
Ratio of Direct and Overlapping Debt to 2026 Taxable Appraised Valuation of $235,589,475					13.92%
Ratio of Direct and Overlapping Debt to Estimated Appraised Valuation as of August 1, 2026 of $222,064,152					12.73%

(a) Excludes the Harris County Toll Road Unlimited Tax Bonds in the principal amount of $97,400,000. Historically, Harris County has provided for payment of such debt service from toll road revenues and certain other funds and, no ad valorem tax revenue has been required to pay debt service on such bonds.
(b) Includes $32,700,000 principal amount of Contract Revenue Bonds for water, sewer and drainage facilities which sold on October 20, 2026 and are expected to be issued on November 19, 2026.
(c) Includes the Outstanding Bonds and the Bonds.

Overlapping Taxes

Set forth below is a summary of taxes levied for the 2026 tax year by all entities overlapping the District and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority)	$ 0.676267
Cypress-Fairbanks Independent School District (a)	1.066900
Lone Star College System	0.105800
Harris ESD No. 9	0.045000
Total Overlapping Tax Rate	$ 1.893967
The District (b)	1.200000
Total Tax Rate	$ 3.093967

(a) Represents the 2025 tax rate. Cypress Fairbanks Independent School District expects to adopt its tax rate in November 2026.
(b) See "TAX DATA—Tax Rate Distribution."

TAX DATA

Debt Service Tax

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

Contract Tax

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

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District's water, sewer and drainage system and roads, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted May 9, 2015 and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 appraised valuation for utility maintenance and $0.25 for road maintenance. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Historical Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.180	$ 0.030	$ -	$ -	$ -
Contract Tax	0.770	0.805	0.730	0.420	0.670
Maintenance and Operations	0.250	0.365	0.450	0.760	0.510
Total	$ 1.200	$ 1.200	$ 1.180	$ 1.180	$ 1.180

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of August 31, 2026 (b) Amount	Percent
2022	$ 25,805,742	$ 1.180	$ 304,508	$ 304,508	100.00%
2023	37,649,059	1.180	444,259	444,259	100.00%
2024	72,837,965	1.180	859,488	859,488	100.00%
2025	141,987,682	1.200	1,703,852	1,703,852	100.00%
2026	236,589,475	1.200	2,839,310	(c)	(c)

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

Additional Penalties

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

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2022 through 2026 Taxable Assessed Valuation. Accurate breakdowns of the uncertified portion of the 2026 Taxable Assessed Valuation ($47,313,255) or the Estimated Taxable Assessed Valuation as of September 15, 2026, of $258,725,288, are not available.

	Type of Property			Gross	Deferments		Net
Tax Year	Land	Improvements	Personal Property	Assessed Valuations	and Exemptions (a)	Uncertified Value	Assessed Valuations
2022	$ 27,927,488	$ 1,612,947	$ 653,400	$ 30,193,835	$ (4,388,093)	-	$ 25,805,742
2023	44,248,847	8,011,697	820,996	53,081,540	(15,432,481)	-	37,649,059
2024	55,966,532	32,401,125	1,039,541	89,407,198	(16,569,233)	-	72,837,965
2025	57,426,530	100,171,444	1,152,642	158,750,616	(16,762,934)	-	141,987,682
2026	42,305,023	147,301,491	1,026,240	190,632,754	(1,356,534)	47,313,255	236,589,475

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

Principal Taxpayers

The following table represents the ten principal taxpayers, and the taxable assessed value of such property as a percentage of the certified portion ($189,276,220) of the 2026 Taxable Assessed Valuation of $236,589,475. This represents ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($47,313,255) of the 2026 Taxable Assessed Valuation, or the Estimated Taxable Assessed Valuation as of September 15, 2026, of $258,725,288, are not available as of the date hereof.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
GCW Distribution LLC (a)	$ 97,567,030	51.55%
Katy BFR Owner LP	35,816,075	18.92%
Southeastern Freight Lines Inc. (b)	19,723,943	10.42%
NASH FM 529 LLC (c)	7,179,787	3.79%
PPE GCW LP (c)	6,643,304	3.51%
PPE GCW II LLC (c)	5,169,597	2.73%
Cypress Residential Partners Ltd.	4,875,210	2.58%
Brookfield Elyson Homes LLC (c)	2,905,326	1.53%
Weekley Homes LLC (c)	2,761,396	1.46%
Centerpoint Energy Houston Electric	1,633,453	0.86%
Total	$ 184,275,121	97.36%

(a) Represents the Builders FirstSource distribution center. See "THE DISTRICT—Status of Development."
(b) Represents truck terminal, service center and office building. See "THE DISTRICT—Status of Development."
(c) See "THE DEVELOPERS" and "RISK FACTORS."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds, if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $236,589,475 ($189,276,220 of certified value plus $47,313,255 of uncertified value) or the Estimated Taxable Assessed Valuation as of September 15, 2026, of $258,725,288. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "RISK FACTORS—Possible Impact on District Tax Rates" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2027-2052)	$816,778
$0.37 Tax Rate on 2026 Taxable Assessed Valuation	$831,612
$0.34 Tax Rate on Estimated Taxable Assessed Valuation as of September 15, 2026	$835,683
Maximum Annual Debt Service Requirement (2052)	$843,738
$0.38 Tax Rate on 2026 Taxable Assessed Valuation	$854,088
$0.35 Tax Rate on Estimated Taxable Assessed Valuation as of September 15, 2026	$860,262

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation, or the Estimated Taxable Assessed Valuation as of September 15, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. The Estimated Taxable Assessed Valuation as of September 15, 2026 is provided by the Appraisal District for informational purposes only. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2026 and September 15, 2026, will be certified as of January 1, 2027, and provided for purposes of taxation in the fall of 2027. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes, are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 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. See "TAX DATA."

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

Tax Abatement

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

Valuation of Property for Taxation

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

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

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

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

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

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

RISK FACTORS

General

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

Dependence on Major Taxpayers and the Developers

There is a high concentration of ownership of taxable value in the District. The ten principal taxpayers represent $184,275,121 or roughly 97.36% of the certified portion ($189,276,220) of the 2026 Taxable Assessed Valuation of $236,589,475 within the District as of January 1, 2026. See "THE DEVELOPERS" and "TAX DATA—Principal Taxpayers." The principal taxpayer is GCW Distribution LLC representing $97,567,030 or 51.55% of the certified portion ($189,276,220) of the 2026 Taxable Assessed Valuation and consists of the Builders FirstSource warehouse/distribution center. The land and building of such property are leased from PPE. GCW Distribution LLC is responsible for all tax payments on such land and building. Katy BFR Owner LP, a rental home property managing company, is the second largest taxpayer in the District representing approximately $35,816,075 or 18.92% of the certified portion ($189,276,220) of the 2026 Taxable Assessed Valuation. Accurate principal taxpayer lists related to the uncertified portion ($47,313,255) of the 2026 Taxable Assessed Valuation or

the Estimated Taxable Assessed Valuation as of September 15, 2026, of $258,725,288, are not available as of the date hereof. The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay taxes in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Funds or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect upon the District's ability to pay debt service on the Bonds. See "Tax Collections Limitations and Foreclosure Remedies" herein.

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

Undeveloped Acreage, Vacant Land and Vacant Lots

There are approximately 116 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage facilities necessary to the construction of new development, 48 traditional single-family lots that remain vacant as of September 15, 2026 and approximately 131 acres which have trunk utilities but no vertical improvements. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding programs. Failure of the Developers to develop the developable land or to construct taxable improvements on the land could restrict the rate of growth of taxable values in the District.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of commercial/industrial properties, and undeveloped land. The market value of such properties and undeveloped land is related to general economic conditions in the greater Houston region and the national economy and those conditions can affect the demand for residences. Demand for properties of this type, and undeveloped land 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 District or could impact such values.

Credit Markets and Liquidity in the Financial Markets

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

Competition

The demand for and construction of single-family and rental homes and commercial development in the District could be affected by competition from other residential or commercial developments located in the southwestern/western portion of the Houston metropolitan area, including Fort Bend County and within Elyson. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Trade Disruptions and Increase in Costs of Building Materials

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

Developer Obligation to the District

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

Rental Homes

As of September 15, 2026, approximately 139 (126 home lots and 13 duplex lots) of the completed 284 lots of single-family residential development within the District are considered rental properties. Upon completion, such properties are owned by Brookfield and leased to residents in the District. This is expected to result in a larger term concentration of assessed valuation in a single property owner. Brookfield is responsible for the payment of property taxes and maintenance of the homes. See "THE DISTRICT—Status of Development."

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2026 Taxable Assessed Valuation is $236,589,475 ($189,276,220 certified plus $47,313,255 uncertified). After issuance of the Bonds, the maximum annual debt service requirement will be $843,738 (2052), and the average annual debt service requirement will be $816,778 (2027-2052 inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation of $236,589,475, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.38 and $0.37 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of September 15, 2026 of $258,725,288, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.35 and $0.34 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of September 15, 2026, the District can make no representations regarding the future level of assessed valuation within the District. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation, or the Estimated Taxable Assessed Valuation as of September 15, 2026 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. The Estimated Taxable Assessed Valuation is provided by the Appraisal District for informational purposes only. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2026 and September 15, 2026, will be certified as of January 1, 2027, and provided for purposes of taxation in the fall of 2027. See "TAXING PROCEDURES."

Overlapping Master District Debt and Contract Tax

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

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

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

The Contract Tax is in addition to the direct total tax rate of the District. The District levied a $1.20 total tax rate in 2026, including a $0.77 Contract Tax. The District cannot represent whether any of the development planned or occurring in the Service Area will be successful or whether the appraised valuation of the land located within the Service Area will justify payment of the Contract Tax by property owners. Increases in the Contract Tax rate could have an adverse impact upon future development and/or home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied the District, including the Contract Tax.

The Contract Tax rate and debt service tax rate that may be required to service debt on any bonds issued by the District or the Master District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Harris County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of $1.20 per $100 of taxable assessed valuation for the District is higher than the tax rate of many utility districts in the Houston metropolitan area, although such a combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

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

Tax Collections Limitations and Foreclosure Remedies

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

Specific Flood Type Risks

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

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

Atlas 14

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather Events

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

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

Registered Owners' Remedies and Bankruptcy Limitations

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

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of a Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into involuntary bankruptcy.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $158,180,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds has been authorized by voters in the District, $73,910,000 principal amount of unlimited tax bonds for constructing road facilities and related improvements and refunding such bonds, and $29,855,000 principal amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds. After issuance of the Bonds, $151,670,000 of the unlimited tax bonds for water, sewer and drainage facilities, $68,320,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities, and all of the unlimited tax bonds for constructing or acquiring parks and recreational facilities will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. Such bonds may finance facilities which are not necessarily related to increased taxable values in the District. See "THE BONDS—Issuance of Additional Debt."

To date, the Developers have advanced certain funds for construction of water, sewer and drainage facilities and roads and related improvements for which they have not been reimbursed. After the reimbursements are made with Bond proceeds, the District will owe approximately $12,479,000 to NASH FM 529 for water, wastewater and drainage facilities ($8,483,000) and for roads ($3,996,000) and related improvements constructed on the District's behalf. In addition, after reimbursements are made with Bond proceeds, the District will owe approximately $2,158,000 to PPE for water, wastewater and drainage facilities. In addition, the District may sell park bonds to pay its pro rata share of Master District park facilities. The principal amount of unlimited tax bonds issued by the District for constructing and/or acquiring park and recreational facilities may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. Each Master District Contract was amended in 2023 to allow the Participants to issue park bonds in an amount not to exceed three percent (3%) of the value of taxable property in each Participant. The District intends to issue additional bonds in order to reimburse the Developer for monies currently owed. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds to finance water, wastewater, drainage and recreational facilities (but not roads) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See "THE BONDS—Issuance of Additional Debt."

Marketability of the Bonds

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

Environmental and Air Quality Regulations

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

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

The 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.

Continuing Compliance with Certain Covenants

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

Cybersecurity

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

Neither the District nor the Underwriters 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.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: https://bambonds.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $521.2 million, $308.9 million and $212.3 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Qualified Tax-Exempt Obligations

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

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

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

Additional Federal Income Tax Considerations

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

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

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

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

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

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

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

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 Bookkeeper, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

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

Consultants

In approving this OFFICIAL STATEMENT the District has relied upon the following consultants. Each consultant has agreed to the use of information provided by such firms.

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

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

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

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

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

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

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

Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of 17 CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

The District entered into its first continuing disclosure agreement in connection with the issuance of its Unlimited Tax Road Bonds, Series 2025. Since the District's first issuance of bonds in 2025, the District has complied in all material respects with its prior continuing disclosure agreements made in accordance with the Rule.

MISCELLANEOUS

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

This OFFICIAL STATEMENT was approved by the Board of Directors of Harris County Municipal Utility District No. 458, as of the date shown on the cover page.

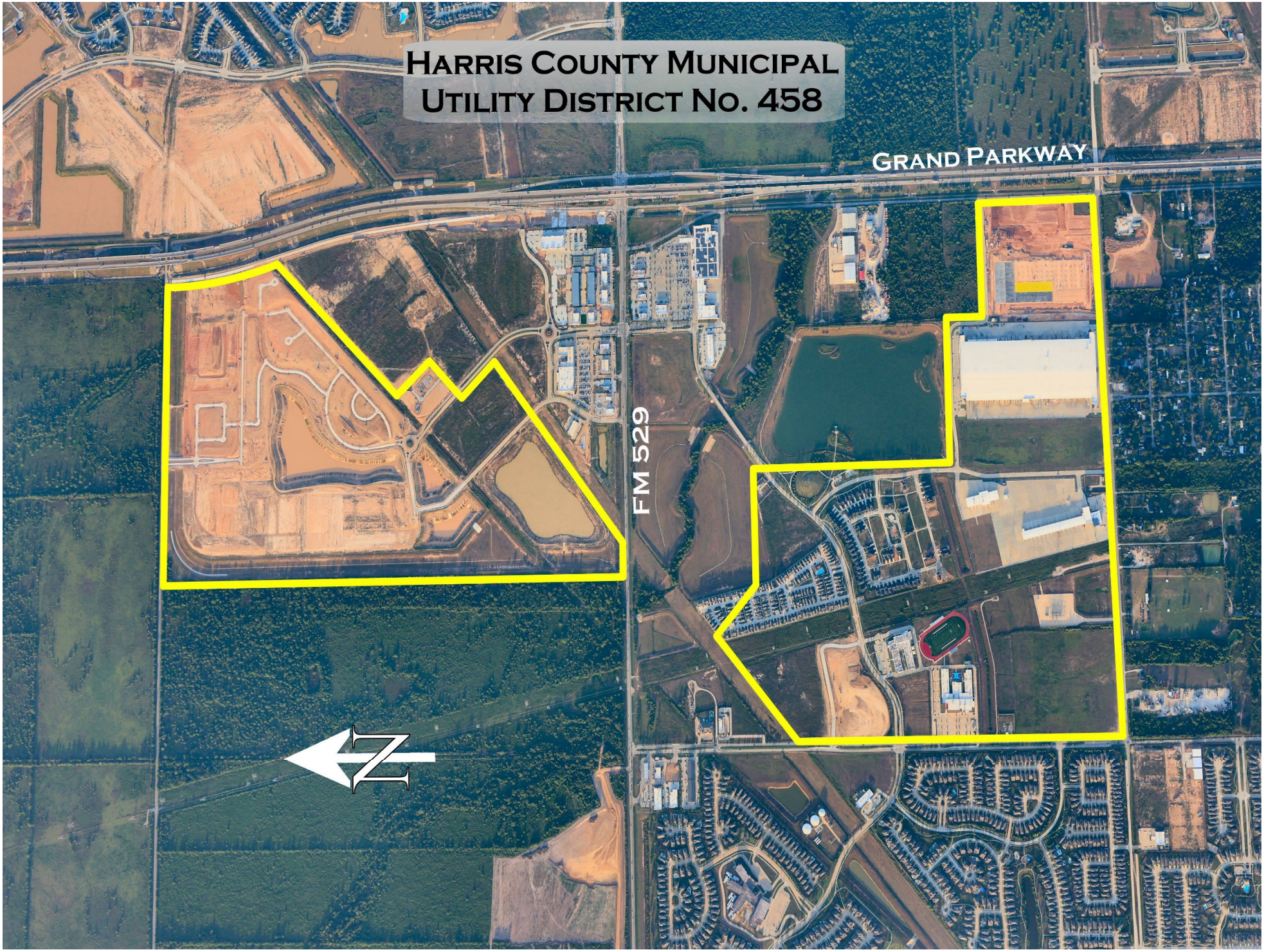
/s/ David L. Williamson
President, Board of Directors
Harris County Municipal Utility District No. 458

ATTEST:

/s/ Jared Bowlin
Secretary, Board of Directors
Harris County Municipal Utility District No. 458

AERIAL LOCATION MAP

(Approximate boundaries as of August 2026)


HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 458
GRAND PARKWAY
FM 529

PHOTOGRAPHS OF THE DISTRICT

(Taken August 2026)




New Homes
For Rent


NOW LEASING
New Homes
For Rent
2-4 Bedrooms
Millers


SOLD
Brookfield
Residential






David Weekley Homes
SOLD


SOLD
Brookfield
NO PARKING


Weekley
Homes
AILABLE
6-646-4577
Weekley
Homes


HERITAGE
HERITAGE


Builders FirstSource
22206
Builders FirstSource



APPENDIX A

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

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
Contents
December 31, 2025

Independent Auditor's Report 1

Management's Discussion and Analysis 3

Basic Financial Statements

Statement of Net Position and Governmental Funds Balance Sheet 8

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances 9

Notes to Financial Statements 10

Required Supplementary Information

Budgetary Comparison Schedule – General Fund 21

Notes to Required Supplementary Information 22

Supplementary Information

Other Schedules Included Within This Report 23

Schedule of Services and Rates 24

Schedule of General Fund Expenditures 25

Schedule of Temporary Investments 26

Analysis of Taxes Levied and Receivable 27

Schedules of Long-Term Debt Service Requirements by Years 29

Changes in Long-Tern Bonded Debt 32

Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund 33

Board Members, Key Personnel, and Consultants 35

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

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 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

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

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

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

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

SPECIMEN

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

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

SPECIMEN