OFFICIAL STATEMENT DATED OCTOBER 20, 2026

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 491, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

*THE BONDS HAVE **NOT** BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS."*

NEW ISSUE-BOOK-ENTRY-ONLY

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 491

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

$20,945,000
UNLIMITED TAX BONDS
SERIES 2026

Dated Date: November 1, 2026
Interest Accrual Date: Date of Delivery

Due: March 1, as shown below

The $20,945,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"), are being issued by Harris County Municipal Utility District No. 491 (the "District"). Principal of the Bonds is payable at maturity or prior redemption. Interest on the Bonds initially accrues from the date of delivery (the "Date of Delivery," expected to be on or about November 19, 2026), and is payable on March 1, 2027. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown below.

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

ASSURED GUARANTY®

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

MATURITY SCHEDULE

Due (March 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due (March 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2029	$ 380,000		7.500 %	3.85 %	41430F DC1	2041	$ 845,000	(a)	5.000 %	5.00 %	41430F DQ0
2030	410,000		7.500	3.95	41430F DD9	2042	890,000	(a)	5.000	5.05	41430F DR8
2031	445,000		7.500	4.05	41430F DE7	2043	940,000	(a)	5.000	5.10	41430F DS6
2032	485,000		7.500	4.15	41430F DF4	2044	995,000	(a)	5.000	5.15	41430F DT4
2033	525,000	(a)	7.500	4.25	41430F DG2	2045	1,050,000	(a)	5.000	5.20	41430F DU1
2034	565,000	(a)	7.500	4.35	41430F DH0	2046	1,110,000	(a)	5.125	5.25	41430F DV9
2035	605,000	(a)	7.500	4.45	41430F DJ6	2047	1,175,000	(a)	5.125	5.30	41430F DW7
2036	640,000	(a)	5.000	4.55	41430F DK3	2048	1,240,000	(a)	5.125	5.33	41430F DX5
2037	675,000	(a)	5.000	4.65	41430F DL1	2049	1,310,000	(a)	5.125	5.36	41430F DY3
2038	715,000	(a)	5.000	4.75	41430F DM9	2050	1,385,000	(a)	5.125	5.39	41430F DZ0
2039	755,000	(a)	5.000	4.85	41430F DN7	2051	1,460,000	(a)	5.125	5.41	41430F EA4
2040	800,000	(a)	5.000	4.93	41430F DP2	2052	1,545,000	(a)	5.125	5.43	41430F EB2

(a) Bonds maturing on or after March 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 March 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 (as defined herein) 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 obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. **INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS."**

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 Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about November 19, 2026.

TABLE OF CONTENTS

MATURITY SCHEDULE **2**
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**
General 9
Description 9
Authority for Issuance 9
Source and Security for Payment 9
Funds 10
Record Date 10
Redemption Provisions 10
Method of Payment of Principal and Interest 10
Registration 10
Replacement of Paying Agent/Registrar 11
Legal Investment and Eligibility to Secure Public Funds in Texas 11
Issuance of Additional Debt 11
Financing Water, Sewer and Drainage Facilities 11
Financing Recreational Facilities 12
Financing Road Facilities 12
Financing Fire-Fighting Activities 12
Annexation 12
Consolidation 12
Remedies in Event of Default 13
Defeasance 13
BOOK-ENTRY-ONLY SYSTEM **13**
USE AND DISTRIBUTION OF BOND PROCEEDS **15**
BRIDGELAND **16**
THE DISTRICT **16**
General 16
Description and Location 17
Land Use 17
Status of Development 17
Homebuilding 18
Future Development 18
THE DEVELOPER **18**
Role of a Developer 18
Bridgeland Development, LP 18
National Finance Authority 19
MANAGEMENT OF THE DISTRICT **19**
Board of Directors 19
District Consultants 19
WATER, WASTEWATER AND DRAINAGE **20**
Regulation 20
Master Facilities 20
Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities 22
100-Year Flood Plain 22
Atlas 14 22
Water and Wastewater Operations 23
ROADS **24**
MAJOR CHANNEL AND DETENTION IMPROVEMENTS **24**
FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) **25**
Investments of the District 25
Outstanding Bonds 25
Debt Service Requirements 26
Estimated Overlapping Debt 27
Overlapping Taxes 27
TAX DATA **28**
Debt Service Tax 28
Maintenance and Operations Tax 28
Tax Exemptions 28
Tax Rate Distribution 28
Historical Tax Collections 28
Tax Roll Information 29
Principal Taxpayers 29
Tax Adequacy for Debt Service 29
TAXING PROCEDURES **30**
Property Tax Code and County-Wide Appraisal District 30
Property Subject to Taxation by the District 30
General Residential Homestead Exemption 31
Valuation of Property for Taxation 31
District and Taxpayer Remedies 31
Agricultural, Open Space, Timberland, and Inventory Deferment 32
Tax Abatement 32
Levy and Collection of Taxes 32
Rollback of Operation and Maintenance Tax Rate 32
District's Rights in the Event of Tax Delinquencies 33
RISK FACTORS **34**
General 34
Dependence on Principal Taxpayers and the Developer 34
Undeveloped Acreage and Vacant Lots 34
Developer/Property Owners Obligation to the District 34
Increase in Costs of Building Materials 34
Economic Factors and Interest Rates 35
Credit Markets and Liquidity in the Financial Markets 35
Competition 35
Operating Funds 35
Possible Impact on District Tax Rates 35
Overlapping Debt and Taxes 36
Tax Collections Limitations and Foreclosure Remedies 36
Potential Effects of Oil Price Volatility on the Houston Area 36
Tropical Weather Events 37
Specific Flood Type Risks 37
Atlas 14 37
Registered Owners' Remedies 37
Bankruptcy Limitation to Registered Owners' Rights 38
Future Debt 38
Marketability of the Bonds 38
Environmental and Air Quality Regulations 39
The Katy-Hockley Fault 40
Risk Factors Related to the Purchase of Municipal Bond Insurance 40
Cybersecurity 41
Future Legislation 41
Continuing Compliance with Certain Covenants 41
LEGAL MATTERS **41**
Legal Opinions 41
Legal Review 42
Tax Exemption 42
Not Qualified Tax-Exempt Obligations 42
Collateral Federal Income Tax Consequences 42
State, Local and Foreign Taxes 43
Tax Accounting Treatment of Original Issue Discount and Premium Bonds 43
NO MATERIAL ADVERSE CHANGE **44**
NO-LITIGATION CERTIFICATE **44**
MUNICIPAL BOND RATING **44**
MUNICIPAL BOND INSURANCE **44**
Bond Insurance Policy 44
Assured Guaranty Inc. 44
PREPARATION OF OFFICIAL STATEMENT **46**
Sources and Compilation of Information 46
Financial Advisor 46
Consultants 46
Updating the Official Statement 46
Certification of Official Statement 47
CONTINUING DISCLOSURE OF INFORMATION **47**
Annual Reports 47
Specified Event Notices 47
Availability of Information from the MSRB 48
Limitations and Amendments 48
Compliance With Prior Undertakings 48
MISCELLANEOUS **48**
AERIAL LOCATION MAP
PHOTOGRAPHS OF THE DISTRICT
APPENDIX A—Independent Auditor's Report and Financial Statements of the District for the year ended May 31, 2026
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 Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas, 77056, upon payment of the costs of duplication thereof.

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 (hereinafter defined) and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Robert W. Baird & Co., Inc. (the "Underwriter"), 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 5.395901% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

Prices and Marketability

Information concerning initial reoffering yields or prices is the responsibility of the Underwriter.

Except as otherwise described in the OFFICIAL NOTICE OF SALE under "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS—Establishing the Issue Price of the Bonds," 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... The District is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the "TCEQ") on July 3, 2007, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently includes approximately 1,326 acres of land within its boundaries, including approximately 431 acres annexed into the District in May 2026. See "THE DISTRICT."

Location... The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston, Texas and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston. The District is located within Waller Independent School District. The District is located approximately one and one-half miles south of the intersection of State Highway 99 (the "Grand Parkway") and Texas State Highway 290 and is bordered on the west by a Centerpoint Energy transmission easement, on the east by the Grand Parkway right-of-way and on the south by Cypress Creek. Access to the District is provided by the Grand Parkway to Jack Road. See "THE DISTRICT" and "AERIAL LOCATION MAP."

Bridgeland… The District is part of the master-planned community of Bridgeland, currently consisting of the District, three water control and improvement districts, six other municipal utility districts, and approximately 1,226 acres not currently located within any district. All of the land within the District is included within the boundaries of Harris County Water Control and Improvement District No. 158 ("WCID 158"). The development of Bridgeland is planned by the Developer (defined below) to ultimately encompass approximately 11,400 acres. See "BRIDGELAND," "THE DISTRICT," and "RISK FACTORS—Overlapping Debt and Taxes."

The Developer… Bridgeland Development, LP, a Maryland limited partnership (the "Developer") is the developer of Bridgeland. The Developer is wholly owned by Howard Hughes Holdings Inc., a Delaware corporation ("HHH"). HHH is a public company whose stock is traded on the New York Stock Exchange under the ticker symbol HHH. See "THE DEVELOPER."

Status of Development… Underground utilities and paving are complete for 1,668 single-family residential lots (approximately 363 acres) in the District. As of August 14, 2026, 736 homes were complete (735 homes occupied), 154 homes were under construction or in the name of a builder, and 778 lots were available for home construction. Homes in the District are being offered for sale at prices ranging from approximately $300,000 to $620,000.

Terrapin Park, Turtle Cove, Lily Pad Park and Mosaic Park have been completed on approximately 30 acres within the District and include an event pavilion, pools, a community center, basketball, tennis and pickleball courts, a dog run, and playground.

The remainder of the District is comprised of approximately 752 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites), and approximately 181 developable acres that have not been provided with utility service. See "THE DISTRICT—Land Use," "—Status of Development," and "—Future Development."

The Builders… Homebuilders actively marketing or building homes in the District include Beazer Homes, Brightland Homes, Century Communities, Chesmar Homes, Coventry Homes, Lennar Homes, Perry Homes, Ravenna Homes, and Westin Homes. See "THE DISTRICT—Homebuilding."

Water and Wastewater Facilities… The District has constructed internal water, sewer and drainage facilities within its boundaries. Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by regional facilities owned and operated by Harris County Municipal Utility District No. 418 ("MUD 418"), in its capacity as the regional provider of such services (the "Master District"). See "WATER, WASTEWATER AND DRAINAGE."

Roads… The District has constructed a road system (the "Roads") to serve the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. The roads consist of Jack Road, Creekland Village Drive and Flowing Creek Drive. See "ROADS" and "RISK FACTORS—Future Debt."

Storm Drainage… WCID 158 provides or will provide amenity/detention facilities and major drainage and channel improvements to serve the land within its boundaries, including the District. See "MAJOR CHANNEL AND DETENTION IMPROVEMENTS."

Overlapping Debt Obligations… All of the land within the District is included within the boundaries of WCID 158 and is also subject to taxation by WCID 158. WCID 158 levied a 2026 tax rate in the amount of $0.50 per $100 of taxable assessed valuation. The District's 2026 tax rate, in combination with the 2026 tax rate of WCID 158, is $1.50 per $100 of taxable assessed valuation. WCID 158 has previously issued a total of $76,195,000 principal amount of unlimited tax bonds, $74,895,000 principal amount of which remain outstanding as of the date hereof. See "RISK FACTORS—Overlapping Debt and Taxes."

Payment Record… The District has previously issued $12,490,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities in one series and $25,225,000 principal amount of unlimited tax bonds for road facilities in two series, $37,295,000 of which remains outstanding (the "Outstanding Bonds") as of the date hereof. See 'FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District has never defaulted on its debt obligations. The District capitalized $841,025 of interest from the Series 2025 Road Bonds and will capitalize $1,570,875 of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

THE BONDS

Description... The $20,945,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are being issued as fully registered bonds pursuant to an order (the "Bond Order") authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on March 1 in the years 2029 through 2052, both inclusive. The Bonds will be issued in book-entry form only in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds initially accrues from the Date of Delivery, and is payable on March 1, 2027. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. 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 Bond will be issued for each maturity of the Bonds and will be deposited with DTC or its designee. See "BOOK-ENTRY-ONLY SYSTEM."

Redemption... Bonds maturing on or after March 1, 2033, are subject to redemption at the option of the District in whole, or from time to time in part, prior to their maturity dates on March 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."

Use of Proceeds... Proceeds of the Bonds will be used to pay connection charges to the Master District for water supply and wastewater treatment system capacity and to finance engineering and construction costs associated with water, sewer and drainage facilities as shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to capitalize $1,570,875 of interest on the Bonds; to pay developer advances and interest on funds advanced by the Developer on behalf of the District; 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 $312,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sewer and drainage facilities. The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the TCEQ approving the issuance of the Bonds, and the Bond Order. 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, or any entity other than the District. See "THE BONDS—Source and Security for Payment" and "—Funds."
Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. An explanation of the rating may be obtained from S&P. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
Not Qualified Tax-Exempt Obligations...	The District has not designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS—Not Qualified Tax-Exempt Obligations."
Bond Counsel...	Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

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	$300,777,054	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$395,719,818	(b)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds)	$ 58,240,000	(c)
Estimated Overlapping Debt	42,301,171	(d)
Gross Direct Debt and Estimated Overlapping Debt	$100,541,171	
Ratio of Gross Direct Debt to:		
Estimated Taxable Assessed Valuation as of August 1, 2026	14.72%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
Estimated Taxable Assessed Valuation as of August 1, 2026	25.41%	
Funds Available for Debt Service:		
Water, Sewer, Drainage and Recreation Debt Service Fund Balance as of October 1, 2026	$ 174,481	(e)
Road Debt Service Fund Balance as of October 1, 2026	442,205	(e)
Capitalized Interest from proceeds of the Bonds	1,570,875	(f)
Total Funds Available for Debt Service	$2,187,561	
Funds Available for Maintenance and Operations as of October 1, 2026	$ 97,852	(g)
Funds Available for Capital Projects as of October 1, 2026	$1,249,983	(h)
2026 Debt Service Tax Rate	$0.65	
2026 Maintenance Tax Rate	0.35	
2026 Total Tax Rate	$1.00	(i)
Average Annual Debt Service Requirement (2027-2052)	$3,852,287	(j)
Maximum Annual Debt Service Requirement (2050)	$4,235,406	(j)
Tax Rate Required to Pay Average Annual Debt Service (2027-2052) at a 95% Collection Rate Based upon Estimated Taxable Assessed Valuation as of August 1, 2026	$1.03	(k)
Tax Rate Required to Pay Maximum Annual Debt Service (2050) at a 95% Collection Rate Based upon Estimated Taxable Assessed Valuation as of August 1, 2026	$1.13	(k)
Status of Development as of August 14, 2026 (l):		
Total Lots Developed	1,668	
Completed homes (735 homes occupied)	736	
Homes under construction or in the name of the builder	154	
Lots available for home construction	778	
Estimated population	2,573	(m)

(a) The 2026 Taxable Assessed Valuation shown herein includes $277,408,626 of certified value and $23,368,428 of uncertified value. The uncertified value represents the landowners' opinion of the value; 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 Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

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

(c) After the issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

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

(e) Although all the District's debt, including the Outstanding Bonds and the Bonds, has been issued on a parity basis and is payable from an unlimited tax pledge, portions of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on bonds issued for the purpose of financing water, sewer, drainage and recreational facilities ("WSD&R Bonds") , including the Bonds, and financing road facilities ("Road Bonds"), and deposited into separate sub-accounts within the District's Debt Service Funds. See "THE BONDS—Funds" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(f) The District will capitalize $1,570,875 of interest from proceeds of the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

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

(h) Represents surplus construction funds, and interest thereon, derived from the Outstanding Bonds and includes $650,000 in surplus funds to be applied in connection with the Bonds. The Bonds, if, as and when issued, may produce additional surplus funds. Surplus funds for construction 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 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 Bonds. Of such amount, $704,373 may be used to finance water, sewer and drainage facilities.

(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—Land Use" and "—Status of Development."

(m) Based upon 3.5 persons per completed and occupied home.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 491

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

$20,945,000
UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 491 (the "District") of its $20,945,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the Texas Commission on Environmental Quality ("TCEQ") approving the issuance of the Bonds, and an order authorizing the issuance, sale and delivery of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, Bridgeland Development, LP, a Maryland limited partnership (the "Developer"), homebuilders building homes in the District (the "Builders") and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, upon payment of duplication costs therefor.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated November 1, 2026, with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the Date of Delivery, and thereafter, from the most recent Interest Payment Date. Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months. The Bonds mature, and principal in respect of the Bonds is payable, on March 1 of the years and in the amounts, and accrue interest at the rates, shown under "MATURITY SCHEDULE" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At an election held within the District on May 6, 2017, voters of the District authorized a total of $312,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities. The Bonds constitute the second issuance of bonds from said authorization. After issuance of the Bonds, a total of $278,565,000 in principal amount of unlimited tax bonds will remain authorized but unissued from said authorization. See "Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, the election held within the District described hereinabove, an order of the TCEQ approving the issuance of the Bonds, and the Bond Order.

Source and Security for Payment

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAXING PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this OFFICIAL STATEMENT with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the prior creation of the District's Debt Service Fund, including the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, sewer and drainage facilities, and recreational facilities, or to refund such bonds ("WSD&R Bonds"), including the Bonds, from funds received to pay debt service on bonds issued to finance road facilities or to refund such bonds ("Road Bonds"). The Bond Order also confirms the District's Construction Fund, including the sub-accounts which are used to separate proceeds from WSD&R Bonds and Road Bonds. $1,570,875 of interest on the Bonds will be deposited from the proceeds from the sale of the Bonds into the sub-account of the Debt Service Fund created in respect of WSD&R Bonds. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of WSD&R Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds.

The proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, into the sub-account of the Debt Service Fund created in respect of WSD&R Bonds. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds, and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the sub-accounts created in respect of WSD&R Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub-accounts of the Debt Service Fund created in respect of WSD&R Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due or to become due on WSD&R Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Debt Service Fund, including funds in the sub-account created in respect of Road Bonds, will not be allocated to the payment of the Bonds.

Record Date

The record date for payment of the interest on any regularly scheduled Interest Payment Date is defined as the 15th day of the month (whether or not a business day) preceding such Interest Payment Date.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2032, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption of such Bonds (the "Redemption Date"). If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the Redemption Date, in the manner specified in the Bond Order.

By the Redemption Date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date. 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 (hereafter defined) to collect interest which would otherwise accrue after the Redemption Date on any Bond or portion thereof called for redemption shall terminate on the Redemption Date.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining, on behalf of the District, the registry books reflecting the names and addresses of the holders of the Bonds (the "Registered Owners") and the maturities, principal amounts, and such other information as necessary to identify the Bonds registered in the name of such Registered Owners. All references herein to the Registered Owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners of the Bonds, so long as the Bonds are registered in the name of Cede & Co. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

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's voters have authorized the issuance of a total of $312,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, a total of $68,000,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing road facilities and a total of $85,500,000 in principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities. After issuance of the Bonds, $278,565,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities will remain authorized but unissued, $42,775,000 in principal amount of unlimited tax bonds for road facilities will remain authorized but unissued, and all of the principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities will remain authorized but unissued. The District's voters have also authorized a total of $232,750,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, none of which have been issued. The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Issuance of additional bonds for water, sewer and drainage facilities, and/or for recreational facilities, is subject to the approval of the TCEQ. Additional bonds may also be issued for road facilities, which bonds do not currently require TCEQ approval. Issuance of additional bonds could dilute the investment security of the Bonds. See "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," and "—Financing Road Facilities" herein, "THE DISTRICT—General," and "RISK FACTORS—Future Debt."

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

Financing Water, Sewer and Drainage Facilities

Pursuant to provisions of the Texas Constitution and Chapter 49 and Chapter 54, Texas Water Code, as amended, the District is authorized to acquire or construct certain water, sewer and drainage facilities subject to the approval of the TCEQ and a successful District election to approve the issuance of bonds payable from taxes. See "THE DISTRICT—General." At an election held within the District on May 6, 2017, voters of the District authorized a total of $312,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities. After issuance of the Bonds, a total of $278,565,000 in principal amount of unlimited tax bonds for said improvements and facilities will remain authorized but unissued. See "—Issuance of Additional Debt" herein and "RISK FACTORS—Future Debt."

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

At an election held within the District on May 6, 2017, voters of the District authorized a total of $85,500,000 in principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities, none of which have been issued. The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. See "—Issuance of Additional Debt" herein and "RISK FACTORS—Future Debt."

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution and Chapter 54 Texas Water Code, as amended, conservation and reclamation districts operating pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District and at an election held within the District on May 6, 2017, voters of the District authorized a total of $68,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. $42,775,000 in principal amount of unlimited tax road bonds remains authorized by unissued from said authorization. See "—Issuance of Additional Debt" herein and "RISK FACTORS—Future Debt."

Financing Fire-Fighting Activities

The District is 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) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered seeking TCEQ approval or calling such an election at this time. See "—Issuance of Additional Debt" herein and "RISK FACTORS—Future Debt."

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed for full purposes by the City of Houston, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Houston hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. 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 attempt to 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 municipal utility districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

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 Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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 Order. Except for mandamus, the Bond Order 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. Certain traditional legal remedies may also not be available. See "RISK FACTORS—Registered Owners' Remedies."

Defeasance

The Bond Order 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 Order.

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. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

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 or completeness thereof.

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, 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.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were approved by the TCEQ in its order authorizing the issuance of the Bonds. Non-construction costs are based upon either contract amounts or estimates of various costs by BGE, Inc. (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 agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ where required. 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.

CONSTRUCTION RELATED COSTS		
• Construction and Engineering Related Costs Approved by the TCEQ	$	13,988,409
• Water Supply Connection Charges Approved by the TCEQ		1,254,106
• Wastewater Treatment Connection Charges Approved by the TCEQ		933,365
• Less: Surplus Construction Funds (a)		(650,000)
Total Construction Costs	**$**	**15,525,880**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount (b)	$	628,350
• Capitalized Interest (b)		1,570,875
• Developer Advances		79,800
• Developer Interest (Estimated)		2,173,454
Total Non-Construction Costs	**$**	**4,452,479**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	864,778
• Engineering Report Costs		40,000
• State Regulatory Fees		61,863
Total Issuance Costs and Fees	**$**	**966,641**
TOTAL BOND ISSUE	**$**	**20,945,000**

(a) The District will apply $650,000 of surplus construction funds to the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."

(b) The TCEQ approved a maximum of $1,570,875 of capitalized interest and maximum Underwriter's Discount of 3.00%.

BRIDGELAND

The District is part of the master-planned community of Bridgeland, currently consisting of the District, three water control and improvement districts, six other municipal utility districts, and approximately 1,226 acres not currently located within any district. To date, 11,325 single-family residential lots on approximately 2,116 acres, approximately 958 apartment units on approximately 49 acres, and approximately 84 acres of commercial development have been completed in Bridgeland along with 126 acres of parks. Additionally, the expected construction of an approximately 83-acre mixed use development in Bridgeland known as the "Toro District" that is intended to serve as the headquarters for the Houston Texans has been publicly announced. Construction on such development is expected to be completed no earlier than 2029, and the District makes no representation regarding the probability of construction of the "Toro District" or any plans of the parties involved in such development. All of the development occurring in Bridgeland is currently occurring within the District, Harris County Municipal Utility District No. 418 ("MUD 418"), Harris County Municipal Utility District No. 419 ("MUD 419"), Harris County Municipal Utility District No. 489 ("MUD 489"), Harris County Municipal Utility District No. 490 ("MUD 490"), and Harris County Municipal Utility District No. 493 ("MUD 493"), each of which are overlapped by Harris County Water Control and Improvement District No. 157 ("WCID 157"), Harris County Water Control and Improvement District No. 158 ("WCID 158"), or Harris County Water Control and Improvement District No. 159 ("WCID 159"). See "THE DISTRICT" and "RISK FACTORS—Overlapping Debt and Taxes." Development has not begun or is in its early stages in Harris County Municipal Utility District No. 492 ("MUD 492"). MUD 492 is overlapped by WCID 159.

The Bridgeland Management District (the "Management District") was created by an act of the Texas Legislature in 2011 as a special district under Section 59, Article XVI of the Texas Constitution to provide economic development projects and services to the area of Bridgeland planned primarily, among other purposes, for commercial development. The Management District encompasses approximately 4,647 acres, of which approximately 351 acres are within the boundaries of the District. On November 6, 2012, voters authorized the Management District to levy a sales and use tax and a hotel occupancy tax and to issue bonds payable from such taxes and/or property assessments to finance its projects and services. The Management District has not yet considered if or when it will issue debt for such purposes. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated July 3, 2007, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities, or other political subdivisions after approval by the City of Houston, the TCEQ, and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and road facilities. See "THE BONDS—Issuance of Additional Debt," "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," and "—Financing Road Facilities," "WATER, WASTEWATER AND DRAINAGE," "ROADS" and "RISK FACTORS—Future Debt."

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit water and sewer connections only to lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Harris County, Texas. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing certain water, sewer and drainage facilities, parks and recreational facilities, and fire-fighting facilities as well as voter approval of the issuance of bonds for said purpose.

Construction and operation of the District's water, sewer and drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "WATER, WASTEWATER AND DRAINAGE—Regulation."

Description and Location

The District currently includes approximately 1,326 acres of land within its boundaries, including approximately 431 acres annexed in May 2026. The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston, Texas and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Waller Independent School District. The District is located approximately one and one-half miles south of the intersection of State Highway 99 (the "Grand Parkway") and Texas State Highway 290 and is bordered on the west by a Centerpoint Energy transmission easement, on the east by the Grand Parkway right-of-way and on the south by Cypress Creek. Access to the District is provided by the Grand Parkway to Jack Road. See "AERIAL LOCATION MAP."

Land Use

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

Single-Family Residential	Approximate Acres	Lots
Creekland Village, Section One	14	80
Creekland Village, Section Two	11	90
Creekland Village, Section Three	17	73
Creekland Village, Section Four	15	78
Creekland Village, Section Five	9	74
Creekland Village, Section Six	17	96
Creekland Village, Section Seven	18	73
Creekland Village, Section Eight	24	110
Creekland Village, Section Ten	12	71
Creekland Village, Section Eleven	16	81
Creekland Village, Section Twelve	12	94
Creekland Village, Section Thirteen	12	47
Creekland Village, Section Fourteen	32	83
Creekland Village, Section Sixteen	21	68
Creekland Village, Section Seventeen	48	166
Creekland Village, Section Eighteen	9	23
Creekland Village, Section Nineteen	16	74
Creekland Village, Section Twenty	17	71
Creekland Village, Section Twenty-One	10	40
Creekland Village, Section Twenty-Two	13	98
Creekland Village, Section Twenty-Four	20	78
Subtotal	363	1,668
Recreation	30	--
Future Development	181	--
Non-Developable (a)	752	--
Subtotal	963	--
Totals	1,326	1,668

(a) Includes amenity/detention facilities, pipeline easements, street rights-of-way, drill sites and utility sites.

Status of Development

Underground utilities and paving are complete for 1,668 single family residential lots (approximately 363 acres) in the District. As of August 14, 2026, 736 homes were complete (735 homes occupied), 154 homes were under construction or in the name of the builder, and 778 lots were available for home construction. Homes in the District are being offered for sale at prices ranging from approximately $300,000 to $620,000. The estimated population in the District is 2,573, based upon 3.5 persons per completed and occupied home.

Terrapin Park, Turtle Cove, Lily Pad Park and Mosaic Park have been completed on approximately 30 acres within the District and include an event pavilion, pools, a community center, basketball, tennis and pickleball courts, a dog run, and playground.

The remainder of the District is comprised of approximately 752 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites), and approximately 181 developable acres that have not been provided with utility service. See "—Land Use" and "—Future Development."

Homebuilding

Homebuilders actively marketing or building homes in the District include Beazer Homes, Brightland Homes, Century Communities, Chesmar Homes, Coventry Homes, Lennar Homes, Perry Homes, Ravenna Homes, and Westin Homes.

Future Development

Approximately 181 developable acres of land in the District are not yet fully served with water, sewer and drainage and paving facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances when or if any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fund water, sewer, drainage, road and recreational facilities within the District necessary to serve the land at full development. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($406,840,000 principal amount collectively for water, sewer, and drainage, roads, and recreational facilities) should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, road and recreational facilities for full development of the District. See "WATER, WASTEWATER AND DRAINAGE," "ROADS" and "RISK FACTORS—Future Debt."

THE DEVELOPER

Role of a Developer

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

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

Bridgeland Development, LP

Bridgeland Development, LP, a Maryland limited partnership, is the developer of Bridgeland. The Developer is wholly owned by Howard Hughes Holdings Inc., a Delaware corporation ("HHH"). HHH is a public company whose stock is traded on the New York Stock Exchange under the ticker symbol HHH.

All funds required for development activities are provided by the Developer, HHH, or from lot sales. Neither the Developer nor HHH is legally obligated to continue providing funds for the development of the District. HHH is not legally obligated to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer.

HHH files annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document that HHH has filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, HHH makes available on its web site http://www.howardhughes.com its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on HHH's web site, available by hyperlink from HHH's web site or on the SEC's web site, is not incorporated into this OFFICIAL STATEMENT.**

Neither the Developer, HHH, nor any affiliates of the Developer nor HHH are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. None of the Developer, HHH, any affiliates of the Developer nor HHH have any legal commitment to the District or the holders of the Bonds to continue development of the land within the District, and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time.

National Finance Authority

The Developer has obtained financing for a portion of the development of the District through the National Finance Authority (the "National Finance Authority" or "NFA"). The NFA issued $194,700,000 Special Revenue Bonds, Series 2024 (Bridgeland Water and Utility Districts 490, 491 and 158) and $281,015,000 Special Revenue Bonds, Series 2026 (Bridgeland Water and Utility Districts 490, 491 and 158) (collectively referred to as the "NFA Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the sale of the Bonds and the future sale of unlimited tax bonds issued by the District. The District delivered a Letter of Representations and Certifications for Tax Purposes to the NFA with respect to the issuance of the NFA Bonds. According to the Developer, it is currently in compliance with all material representations and certifications made with respect to the NFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law.

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 staggered terms and elections are held in May in even numbered years. All of the Board members own land within the District, subject to a Deed of Trust in favor of the Developer. The current members and officers of the Board, along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Reagan Griffith	President	May 2030
Julie Decker	Vice President	May 2030
Katrinna Wilkins	Secretary	May 2028
Chris Shippey	Assistant Secretary	May 2028
Kristen McGrady	Assistant Secretary	May 2030

District Consultants

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

Bond Counsel and General Counsel: Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

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 May 31, 2026, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2026, financial statements.

Bookkeeper: The District has contracted with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services.

Utility System Operator: Inframark, LLC operates the water and wastewater systems and plants of MUD 418 and the internal water distribution and wastewater collection facilities of the District.

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

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Assessments of the Southwest, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

WATER, WASTEWATER AND DRAINAGE

Regulation

According to the Engineer, the District's improvements have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and, as and if required for the particular improvements, the approval and permitting requirements of the TCEQ, Harris County, the City of Houston and Harris County Flood Control District, as applicable.

Master Facilities

Master Water and Sanitary Sewer Facilities Contract: The District is served by a regional water supply and wastewater treatment system that is owned and operated by MUD 418, in its capacity as the "Master District," pursuant to that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, as amended and supplemented from time to time (the "Master Contract"). The Master Contract provides that the Master District will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities (the "Master Facilities"), to serve the land within the Service Area defined therein and any other area subsequently added to the Bridgeland development or otherwise served by the Master District pursuant to the Master Contract. At this time, the District, MUD 418 (in its capacity as a Participant), MUD 419, MUD 489, MUD 490, MUD 492 and MUD 493 are all parties to the Master Contract. Each party to the Master Contract, including the Master District in its capacity as a district receiving Master District services, is referred to hereinafter at times as a "Participant." Each Participant is responsible for the acquisition, construction, ownership, operation, and/or maintenance of all internal water, sewer and drainage facilities, not otherwise constructed by the Master District as part of the Master Facilities. As required by the Master Contract, a plan of proposed Master Facilities has been adopted by the Master District and approved by the Participants.

The Master Contract provides that capacity in the Master Facilities will be allocated to a Participant contingent upon the payment to the Master District of a "Connection Charge" (as more specifically detailed in the Master Contract) calculated to approximate, on a uniform per-connection basis, the incurred and projected capital expenditures, interest, and other attendant costs associated with the provision of the Master Facilities by the Master District ("Capital Costs"). The Master Contract requires that the Master District use the Connection Charges solely for payment of the Capital Costs of the Master Facilities, and further requires that the Connection Charge be recalculated from time to time but not less often than annually. Once a Connection Charge has been paid by a Participant, additional Capital Costs may not be recovered for the associated capacity in the Master Facilities acquired by payment of same. The current Connection Charge imposed by the Master District under the Master Contract is $5,429 per equivalent single-family connection for water supply capacity, and $4,041 for wastewater treatment capacity. Connection charges relative to wastewater collection service vary by geographic location within the Service Area, and range from $241 per equivalent single-family connection to $5,130 per equivalent single-family connection. The Master Contract additionally provides that Master Facilities may be constructed and conveyed to the Master District as an alternative to the payment of a Connection Charge, such Master Facilities being credited at their Capital Cost value towards Connection Charge payments.

The Master Contract requires that operations and maintenance expenses be paid to the Master District by the Participants on a monthly basis. Additionally, each Participant is required to advance funds to the Master District to create a reserve ("Reserve") for the benefit of such Participant in an amount equal to the Participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the Master District's fiscal year (currently June 1). The amount of the required Reserve for any Participant is determined annually, and any shortfall is required to be funded by the Participant. The Master District's operations and maintenance expenses, as billed to Participants, may include a fee to fund a Participant's Reserve, subject to certain restrictions.

The Master Contract further requires that each Participant hold an election to authorize the levy and collection of ad valorem contract taxes to meet its obligations under the Master Contract. Such contract taxes are to be pledged to support debt service on contract revenue bonds, if issued, by the Master District. The Master Contract authorizes the issuance of such bonds by the Master District solely for the purpose or purposes of (1) providing surface water as an alternative to groundwater, if required by law; (2) the acquisition, construction, improvement, enlargement, extension, or repair of the Master Facilities, if required by law; (3) the payment of unbudgeted, extraordinary expenses of maintaining or repairing the Master Facilities for which sufficient funds have not been placed in the Reserve; or (4) meeting a request by a Participant that such bonds be issued by the Master District. The voters of all of the Participants have approved such a contract revenue tax proposition.

Water Supply: Water supply to serve the development within the District is provided by Water Plant Nos. 1, 2, and 4 owned and operated by the Master District. The Master District's current facilities at Water Plant No. 1 include two water wells with a total of 1,500 gallons per minute ("gpm") of capacity, two 15,000 gallon pressure tanks, two 250,000 gallon ground storage tanks, a 750,000 gallon elevated storage tank, and 10,150 gpm of booster pump capacity, which can serve 2,500 equivalent single-family connections. The Master District receives 1,458 gpm of treated surface water at Water Plant No. 1, which can serve 2,430 equivalent single-family connections. See "Surface Water" below for a discussion of the additional source of water supply capacity as a result of surface water supplied by the West Harris County Regional Water Authority (the "Authority"). The Master District's current facilities at Water Plant No. 2 include three 1,200 gpm water wells, one 20,000-gallon pressure tank, 500,000 gallons of ground storage tank capacity, one 1,000,000-gallon elevated storage tank, and 11,300 gpm booster pump capacity, which can serve 5,650 equivalent single-family connections. The Master District's current facilities at Water Plant No. 4 include one 1,200 gpm water well, one 30,000-gallon pressure tank, one 500,000 gallon ground storage tank, and 3,750 gpm booster pump capacity, which can serve 1,875 equivalent single-family connections. Combined, the three water plants are able to serve a total of 12,930 equivalent single-family connections, of which 151 equivalent single-family connections are allocated to MUD 418, 3,865 equivalent single-family connections are allocated to MUD 419, 3,612 equivalent single-family connections are allocated to MUD 489, 2,080 equivalent single-family connections are allocated to MUD 490, 1,300 equivalent single-family connections are allocated to the District and 1,181 equivalent single-family connections are allocated to MUD 493. No capacity has been allocated to MUD 492 as of the date hereof. As of August 14, 2026, the District was serving 735 single-family residential connections. Future expansions of Water Plant Nos. 2 and 4 will include additional water wells, ground storage tanks, elevated storage tanks, booster pumps, and facilities to receive surface water, which will expand the service capacity of the system. Water Plant No. 3 is currently under construction with completion expected by the end of 2026. Water Plant No. 1 is fully built out.

Surface Water: The Master District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 2001, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District). The Authority 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). In connection with its GRP, the Authority entered into a water supply contract with the City of Houston to obtain treated surface water from the City of Houston. The District is included within the Authority's GRP.

The Authority has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, rates, and charges as necessary to accomplish its purposes. Effective January 1, 2025, the Authority currently charges the Master District, as owner of the water wells, and other major groundwater users, a fee of $3.95 per 1,000 gallons of groundwater pumped and $4.35 per 1,000 gallons of surface water received. The Authority has issued revenue bonds to finance, among other things, certain Authority surface water project costs. It is expected that the Authority will issue substantially more bonds by the year 2035 to finance the Authority's project costs.

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 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 within the Authority's GRP; and (iii) beginning in the year 2035, to limit groundwater withdrawals to no more than 20% of the total annual water demand 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 ("Disincentive Fees"), imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand within the Authority's GRP. In the event of such Authority's failure to comply and imposition of a disincentive fee penalty by the Subsidence District, the Authority 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 seek monetary or other penalties against the Master District.

The Master District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to pass such fees through to the Participants under the Master Contract who will in turn pass said fees through to customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, further conversion to surface water could necessitate improvements to the system of the Master District, which could require the issuance of additional bonds by the Participants. No representation is made, however, that the Authority: (i) will build said lines or any of 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.

Pursuant to a contract dated August 13, 2008, among the Developer, the Master District and the Authority, the Authority has constructed a water line to provide treated surface water to the Master District's Water Plant No. 1. Capacity in certain portions of said water line also serves municipal utility districts which are not a part of Bridgeland and said districts entered into similar contracts with the Authority. Construction of the water line is complete and the Authority began delivering metered surface water to the Master District's Water Plant No. 1 as of June 5, 2013. Such water line provides the Master District with 2,100,000 gallons per day ("gpd") of additional water supply. This water supply constitutes part of the Master Facilities that serve the Bridgeland development, and provides capacity for up to 2,500 water supply system connections. This source of supply supplements groundwater supplied by wells installed or to be installed by the Master District to meet Participant water demands.

Wastewater Treatment: Wastewater treatment for the development within the District is provided by a 600,000 gpd interim wastewater treatment plant and a permanent 1,500,000 gpd wastewater treatment plant ("WWTP 1") owned and operated by the Master District. WWTP 1 can serve up to 9,130 equivalent single-family connections based on 230 gpd per connection, of which 151 equivalent single-family connections are allocated to MUD 418, 3,865 equivalent single-family connections are allocated to MUD 419, 3,612 equivalent single-family connections are allocated to MUD 489, 2,080 equivalent single-family connections are allocated to MUD 490, 1,300 equivalent single-family connections are allocated to the District, and 1,181 equivalent single-family connections are allocated to MUD 493. No capacity has been allocated to MUD 492 at this time. A 600,000 gpd wastewater treatment plant to be owned and operated by the Master District ("WWTP 2") is constructed and waiting power from CenterPoint Energy and is expected to be fully operational by the end of 2026. A 150,000 gpd wastewater treatment plant to be owned and operated by the Master District ("WWTP 3") is also constructed and is expected to be fully operational by the end of 2026. With these three treatment plants, the Master District will be able to serve 12,390 connections based on 230 gpd per connection. Future expansions of the Master District's wastewater treatment facilities will be planned as required by the needs of the District.

Major Trunk Lines: Major water distribution and wastewater collection lines have been constructed by the Developer on behalf of the Master District. There is no charge for water distribution system capacity in the Master District's trunk lines; however, there are charges applicable to wastewater collection system capacity in the Master District's trunk lines, as described hereinabove.

Allocation and Purchase of Capacity: The Master District has allocated water supply, wastewater treatment, and wastewater collection capacity to the District for 1,300 equivalent single-family connections pursuant to the Master Contract, as amended. The District will be funding 231 equivalent single-family connections from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS." Approximately 363 acres developed as 1,668 single-family residential lots comprise the development within the District.

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Internal water distribution, wastewater collection, storm drainage facilities and related paving have been constructed in the District to serve 1,668 single-family residential lots. See "THE DISTRICT—Land Use," "—Status of Development," and "—Future Development."

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, approximately 297 acres of land in the District is currently located in the effective flood plain. The District submitted a Conditional Letter of Map Revision that removes this area from the 100-year flood plain in March of 2025. A Letter of Map Revision to be approved by the Harris County Flood Control District and the Federal Emergency Management Agency will be filed once the Conditional Letter of Map Revision is approved. See "RISK FACTORS—Tropical Weather Events," "—Specific Flood Type Risks" and "—Atlas 14."

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 and consequently leaving less developable property within the District. 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 "RISK FACTORS—Atlas 14."

Water and Wastewater Operations

The Bonds and the Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues from operations of the District's system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds and the Outstanding Bonds. It is anticipated that no significant operating revenues will be used for debt service on the Bonds and the Outstanding Bonds in the foreseeable future. See "RISK FACTORS—Operating Funds."

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 May 31, 2023 through May 31, 2026. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended May 31			
	2026	2025	2024	2023
Revenues (a)				
Property Taxes	$ 1,416,908	$ 1,062,290	$ 359,117	$ 229,294
Water Service	284,253	195,725	66,146	4,709
Sewer Service	562,857	366,810	149,936	11,396
Regional Water Authority Fee	460,909	278,859	81,712	1,980
Penalty and Interest	85,360	37,353	10,856	1,297
Tap Connection and Inspection Fees	559,688	655,942	372,624	254,642
Investment Income	17,286	8,969	11	-
Other Income	98	62,611	190,234	1,010
Total Revenues	$ 3,387,359	$ 2,668,559	$ 1,230,636	$ 504,328
Expenditures				
Service Operations				
Purchased Services	$ 463,220	$ 299,764	$ 76,290	$ 8,765
Regional Water Authority Fee	450,436	273,023	78,905	-
Professional Fees	292,775	249,611	182,238	121,102
Contracted Services	123,139	122,074	226,783	57,271
Solid Waste	175,362	84,960	11,938	-
Utilities	15,006	6,906	1,747	-
Repairs and Maintenance	1,979,992	1,284,339	404,584	76,059
Other Expenditures	73,725	252,082	55,008	32,707
Tap Connections	366,464	412,338	202,571	227,306
Debt Service, Debt Issuance Costs	47,795	-	30,032	-
Total Expenditures	$ 3,987,914	$ 2,985,097	$ 1,270,096	$ 523,210
Revenues Over (Under) Expenditures	$ (600,555)	$ (316,538)	$ (39,460)	$ (18,882)
Other Sources (Uses)				
Interfund Transfers In	$ 35,201	$ 30,032	$ -	$ -
Developer Advances (a)(b)	$ 111,259	$ 763,000	$ 158,973	$ 110,500
Fund Balance (Beginning of Year)	$ 664,130	$ 187,636	$ 68,123	$ (23,495)
Fund Balance (End of Year)	$ 210,035	$ 664,130	$ 187,636	$ 68,123

(a) See "RISK FACTORS—Operating Funds."
(b) See 'RISK FACTORS—Dependence on Principal Taxpayers and the Developer."

ROADS

The road system (the "Roads") serves the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. Upon completion, the Roads have been or will be accepted by Harris County for operation and maintenance in accordance with the procedures of Harris County. The District will not operate or maintain the Roads. See "THE BONDS—Financing Road Facilities" and "RISK FACTORS—Future Debt."

MAJOR CHANNEL AND DETENTION IMPROVEMENTS

WCID 158 was created to construct and operate all amenity/detention facilities and major drainage and channel improvements necessary to serve the land within the boundaries of WCID 158, including the District. The drainage facilities constructed by WCID 158 are a series of interconnected detention basins that serve both as amenity lakes as well as detention and mitigation facilities. The detention facilities were designed and constructed in accordance with Harris County Flood Control District criteria and comply with the master drainage study prepared for the project. The purpose of these facilities is to provide outfall drainage and mitigate any negative flood plain effects caused by the development of Bridgeland. Construction of additional detention facilities has been phased to accommodate development as it occurs. The detention basins constructed to date encompass approximately 1,218 acres of land and detain enough storm water to develop approximately 5,571 acres of development, including all of the land within the District. See "RISK FACTORS—Atlas 14."

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$300,777,054	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$395,719,818	(b)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds)	$58,240,000	(c)
Estimated Overlapping Debt	42,301,171	(d)
Gross Direct Debt and Estimated Overlapping Debt	$100,541,171	
Ratio of Gross Direct Debt to:		
Estimated Taxable Assessed Valuation as of August 1, 2026	14.72%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
Estimated Taxable Assessed Valuation as of August 1, 2026	25.41%	
Funds Available for Debt Service:		
Water, Sewer, Drainage and Recreation Debt Service Fund Balance as of October 1, 2026	$ 174,481	(e)
Road Debt Service Fund Balance as of October 1, 2026	442,205	(e)
Capitalized Interest from proceeds of the Bonds	1,570,875	(f)
Total Funds Available for Debt Service	$2,187,561	
Funds Available for Maintenance and Operations as of October 1, 2026	$ 97,852	(g)
Funds Available for Capital Projects as of October 1, 2026	$1,249,983	(h)

(a) The 2026 Taxable Assessed Valuation shown herein includes $277,408,626 of certified value and $23,368,428 of uncertified value. The uncertified value represents the landowners' opinion of the value; 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 August 1, 2026, and may be revised downward once certified by the Appraisal District. Increases in value occurring between January 1, 2026 and August 1, 2026, will be certified as of January 1, 2027. See "TAXING PROCEDURES."

(c) After the issuance of the Bonds. See "—Outstanding Bonds" herein.

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

(e) Although all the District's debt, including the Outstanding Bonds and the Bonds, has been issued on a parity basis and is payable from an unlimited tax pledge, portions of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on bonds issued for the purpose of financing water, sewer and drainage and recreational facilities ("WSD&R Bonds") , including the Bonds, and financing road facilities ("Road Bonds"), and deposited into separate sub-accounts within the District's Debt Service Funds. See "THE BONDS—Funds" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(f) The District will capitalize $1,570,875 of interest from proceeds of the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

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

(h) Represents surplus construction funds, and interest thereon, derived from the Outstanding Bonds and includes $650,000 in surplus funds to be applied in connection with the Bonds. The Bonds, if, as and when issued, may produce additional surplus funds. Surplus funds for construction 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 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 Bonds. Of such amount, $704,373 may be used to finance water, sewer and drainage facilities.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. 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 owning long term securities or derivative products in the District's investment portfolio.

Outstanding Bonds

The District has previously issued one series of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities and two series of unlimited tax road bonds for acquiring or constructing road facilities. The following table lists the original principal amount of such bonds by series, $37,295,000 of which remains outstanding (the "Outstanding Bonds") as of the date hereof.

Series	Original Principal Amount	Outstanding Bonds
2024	$ 12,490,000	$ 12,235,000
2024 (a)	7,225,000	7,060,000
2025 (a)	18,000,000	18,000,000
Total	$ 37,715,000	$ 37,295,000

(a) Unlimited tax road bonds.

Debt Service Requirements

The following sets forth the actual debt service on the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that the District capitalized $841,025 of interest from the Series 2025 Road Bonds in November 2025 and that $1,570,875 of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Debt Service Requirements
		Principal	Interest	Total	
2027	$ 2,113,625.00	$ -	$ 896,255.73	$ 896,255.73	$ 3,009,880.73
2028	2,492,350.00	-	1,144,156.25	1,144,156.25	3,636,506.25
2029	2,481,125.00	380,000	1,129,906.25	1,509,906.25	3,991,031.25
2030	2,466,975.00	410,000	1,100,281.25	1,510,281.25	3,977,256.25
2031	2,449,737.50	445,000	1,068,218.75	1,513,218.75	3,962,956.25
2032	2,442,862.50	485,000	1,033,343.75	1,518,343.75	3,961,206.25
2033	2,433,075.00	525,000	995,468.75	1,520,468.75	3,953,543.75
2034	2,427,337.50	565,000	954,593.75	1,519,593.75	3,946,931.25
2035	2,434,250.00	605,000	910,718.75	1,515,718.75	3,949,968.75
2036	2,445,450.00	640,000	872,031.25	1,512,031.25	3,957,481.25
2037	2,464,250.00	675,000	839,156.25	1,514,156.25	3,978,406.25
2038	2,470,250.00	715,000	804,406.25	1,519,406.25	3,989,656.25
2039	2,483,750.00	755,000	767,656.25	1,522,656.25	4,006,406.25
2040	2,498,543.75	800,000	728,781.25	1,528,781.25	4,027,325.00
2041	2,514,387.50	845,000	687,656.25	1,532,656.25	4,047,043.75
2042	2,531,837.50	890,000	644,281.25	1,534,281.25	4,066,118.75
2043	2,545,787.50	940,000	598,531.25	1,538,531.25	4,084,318.75
2044	2,560,146.88	995,000	550,156.25	1,545,156.25	4,105,303.13
2045	2,575,193.75	1,050,000	499,031.25	1,549,031.25	4,124,225.00
2046	2,591,143.75	1,110,000	444,337.50	1,554,337.50	4,145,481.25
2047	2,607,887.50	1,175,000	385,784.38	1,560,784.38	4,168,671.88
2048	2,620,218.75	1,240,000	323,900.00	1,563,900.00	4,184,118.75
2049	2,638,034.38	1,310,000	258,556.25	1,568,556.25	4,206,590.63
2050	2,660,909.38	1,385,000	189,496.88	1,574,496.88	4,235,406.25
2051	1,282,453.13	1,460,000	116,593.75	1,576,593.75	2,859,046.88
2052	-	1,545,000	39,590.63	1,584,590.63	1,584,590.63
Total	$ 61,231,581.25	$ 20,945,000	$ 17,982,890.10	$ 38,927,890	$ 100,159,471.35

Average Annual Debt Service Requirements (2027-2052) $3,852,287
Maximum Annual Debt Service Requirement (2050) $4,235,406

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County (a)	$ 3,080,611,581	8/31/2026	0.030%	$ 932,213
Harris County Flood Control District	1,034,900,000	8/31/2026	0.031%	319,816
Harris County Hospital District	1,644,825,000	8/31/2026	0.033%	546,643
Harris County Department of Education	28,960,000	8/31/2026	0.030%	8,760
Port of Houston Authority	386,074,397	8/31/2026	0.031%	119,332
Waller ISD	1,079,320,000	8/31/2026	2.364%	25,512,581
WCID 158	75,410,000	8/31/2026	19.708%	14,861,826
Total Estimated Overlapping Debt				$ 42,301,171
The District	58,240,000	(b)	100.00%	58,240,000
Total Direct and Estimated Overlapping Debt				$ 100,541,171
Direct and Estimated Overlapping Debt as a Percentage of: Estimated Taxable Assessed Valuation as of August 1, 2026 of $395,719,818				25.41%

(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 the Bonds and the Outstanding Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities, certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes. See "TAX DATA—Tax Rate Distribution" and "RISK FACTORS—Overlapping Debt and Taxes."

Set forth below are all of the taxes levied for the 2026 tax year by all overlapping taxing jurisdictions 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)	$ 0.676270
Waller Independent School District	1.052800
Harris County Emergency Services District No. 9	0.045000
Harris County Water Control and Improvement District No. 158	0.500000
Total Overlapping Tax Rate	$ 2.274070
The District (a)	1.000000
Total Tax Rate	$ 3.274070

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

TAX DATA

Debt Service Tax

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

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was held on May 6, 2017, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.00 per $100 taxable assessed valuation for operations and maintenance costs. 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.

Tax Exemptions

For the tax year 2026, the District has not adopted any tax exemptions for property located within the District. See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.65	$ 0.31	$ -	$ -	$ -
Maintenance and Operations	0.35	0.69	1.00	1.00	1.00
Total	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00

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 (b)	Total Collections as of August 31, 2026 (c) Amount	Percent
2022	$ 21,676,108	$ 1.00	$ 216,761	$ 212,938	98.24%
2023	39,612,517	1.00	396,125	396,125	100.00%
2024	105,080,411	1.00	1,050,804	1,050,749	99.99%
2025	208,260,679	1.00	2,082,607	2,065,710	99.19%
2026	300,777,054	1.00	3,007,771	(d)	(d)

(a) Value as certified by the Appraisal District less any exemptions granted. See "Tax Roll Information" below for gross appraised value and exemptions granted by the District.

(b) Represents actual tax levy, including any adjustments by the Appraisal District, as of the date of this OFFICIAL STATEMENT.

(c) Unaudited.

(d) In process of collections. Taxes for tax year 2026 are due by January 31, 2027.

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. An accurate breakdown of the uncertified portion ($23,368,428) of the 2026 Taxable Assessed Valuation of $300,777,054 which is subject to review and downward adjustment prior to certification and Estimated Taxable Assessed Valuation as of August 1, 2026, of $395,719,818, are not available.

	Type of Property			Gross	Deferments		Certified
Tax Year	Land	Improvements	Personal Property	Assessed Valuation	and Exemptions	Uncertified Value	Taxable Assessed Valuation
2022	$ 22,016,348	$ 100	$ 47,814	$ 22,064,262	$ (388,154)	$ -	$ 21,676,108
2023	41,208,102	34,366	53,761	41,296,229	(1,683,712)	-	39,612,517
2024	62,299,255	46,343,711	240,372	108,883,338	(3,802,927)	-	105,080,411
2025	81,764,903	137,548,581	636,815	219,950,299	(11,689,620)	-	208,260,679
2026	98,085,658	199,182,924	1,242,261	298,510,843	(21,102,217)	23,368,428	300,777,054

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed value as a percentage of the certified portion ($277,408,626) of the 2026 Taxable Assessed Valuation of $300,777,054. This represents ownership as of January 1, 2026. An accurate breakdown of the uncertified portion ($23,368,428) of the 2026 Taxable Assessed Valuation of $300,777,054 and Estimated Taxable Assessed Valuation as of August 1, 2026, of $395,719,818, are not available.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Bridgeland Development LP (a)	$ 23,965,375	8.64%
Pulte Homes of Texas LP	7,567,900	2.73%
Perry Homes LLC (b)	2,674,862	0.96%
Beazer Homes Texas LP (b)	2,348,891	0.85%
Chesmar Homes LLC (b)	2,082,484	0.75%
Ravenna Homes LLC (b)	2,021,133	0.73%
Century Land Holdings of Texas LLC (b)	1,570,304	0.57%
Individual	899,256	0.32%
DFH Coventry LLC (b)	712,400	0.26%
Individual	679,506	0.24%
	$ 44,522,111	16.05%

(a) See "THE DEVELOPER."
(b) See "THE DISTRICT—Homebuilding."

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 and the Outstanding Bonds if no growth in the District's tax base occurred beyond the Estimated Taxable Assessed Valuation as of August 1, 2026 of $395,719,818. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Outstanding Bonds and the 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 "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "RISK FACTORS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2027-2052)	$3,852,287
$1.03 Tax Rate on Estimated Taxable Assessed Valuation as of August 1, 2026	$3,872,118
Maximum Annual Debt Service Requirement (2050)	$4,235,406
$1.13 Tax Rate on Estimated Taxable Assessed Valuation as of August 1, 2026	$4,248,052

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of August 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (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 a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the 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 wholly within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a 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. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately-owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2026 tax year, the District has not granted any such exemptions. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of 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 an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action, or (ii) fatally injured in the line of duty, is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property, as defined by the Property Tax Code acquired in or imported into Texas for storage purposes and which 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. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it 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. 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. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

General Residential Homestead Exemption

Texas law 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, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that 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 District has never granted a general residential homestead exemption.

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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by 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 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% 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, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may 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 comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "TAXING PROCEDURES—Rollback of Operations and Maintenance Tax Rate." The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture 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. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District 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 and not as to others. If a claimant receives the 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 for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2026, approximately 564 acres of land within the District were the subject of a special exemption.

Tax Abatement

The City of Houston and Harris County may designate all or part of the District as a reinvestment zone, and the District, Harris County, and (if it were to annex the area) the City of Houston may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all land, 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.

Low Tax Rate Districts: Low Tax Rate Districts 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 in the district, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Low Tax Rate District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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 in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Developing Districts: Districts that do not meet the classification of a Low Tax Rate District 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District: A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. For tax year 2026, the District has been designated as a "Developing District." 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 against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such 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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, 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. 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest 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). Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—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, 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 and Security for Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that 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 Principal Taxpayers and the Developer

The ten principal taxpayers within the District represent $44,522,111 or 16.05% of the certified portion ($277,408,626) of the 2026 Taxable Assessed Valuation of $277,408,626, which represents ownership as of January 1, 2026. The Developer represents $23,965,375 or 8.64% of the certified portion ($277,408,626) of the 2026 Taxable Assessed Valuation of $300,777,054. If the Developer or another principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the debt service fund (see "THE BONDS—Source and Security for Payment"), the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service funds. 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" in this section, "THE DEVELOPER" and "TAXING PROCEDURES—Levy and Collection of Taxes."

Undeveloped Acreage and Vacant Lots

There are approximately 181 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 and 778 single-family residential lots that remained vacant as of August 14, 2026. Future increases in value will result primarily from the construction of homes by builders. 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 Developer to develop the developable land or of homebuilders to construct taxable improvements on the land could restrict the rate of growth of taxable values in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

Developer/Property Owners Obligation to the District

There are no commitments from or obligations of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land 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, continued development of taxable property within the District will increase or maintain its taxable value.

Increase in Costs of Building Materials

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots which are currently being marketed by the Developer to the builders for the construction of primary residences. The market value of such homes, lots and undeveloped land is related to general economic conditions in the greater Houston metropolitan region and the national economy and those conditions can affect the demand for residences. Demand for lots, and undeveloped land of this type and the construction of residential and commercial improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "THE DISTRICT—Homebuilding" and "Credit Markets and Liquidity in the Financial Markets" below.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the 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 25 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 greater Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City 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 homes in the District, which is 25 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the northwestern portion of the Houston area market and in Bridgeland. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Operating Funds

The District's primary source of operating revenue to date is developer advances and maintenance tax revenue. The District expects to levy a 2026 tax rate of $1.00 per $100 of taxable assessed valuation ($0.65 allocated to debt service tax and $0.35 to maintenance tax). The District expects to reduce the maintenance tax rate proportionately to debt service such that the total tax rate does not exceed $1.00 per $100 of taxable assessed valuation. See "TAX DATA—Tax Rate Distribution. The District's unaudited General Fund balance as of October 1, 2026 was $97,852. The revenue produced from a reduced 2026 maintenance tax rate may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive General Fund balance will depend upon (1) cash subsidies from the Developer, and (2) continued development and increased amounts of maintenance tax revenue and water and sewer revenue. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. Such an increase may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "WATER, WASTEWATER AND DRAINAGE—Water and Wastewater Operations."

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 Estimated Taxable Assessed Valuation as of August 1, 2026 is $395,719,818. After issuance of the Bonds, the maximum annual debt service requirement will be $4,235,406 (2050), and the average annual debt service requirement will be $3,852,287 (2027-2052 inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $1.13 and $1.03 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay both the maximum annual debt service requirement and the average annual debt service requirements, respectively. 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 Estimated Taxable Assessed Valuation as of August 1, 2026 will be the amount finally certified by the Appraisal District and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

Overlapping Debt and Taxes

All land within the District is included within the boundaries of Harris County Water Control and Improvement District No. 158 ("WCID 158") and is also subject to taxation by WCID 158. WCID 158 is authorized to issue unlimited tax bonds in a maximum principal amount of $333,000,000 for drainage purposes and $296,050,000 for recreation purposes without additional voter approval. WCID 158 has a total of $74,895,000 in aggregate principal amount of bonds payable from ad valorem taxes that remain outstanding as of the date hereof. WCID 158 levied a 2026 tax rate of $0.50 ($0.325 for debt and 0.175 for maintenance). The District cannot represent whether any of the development planned or occurring in WCID 158 will be successful or whether the appraised valuation of the land located within WCID 158 will justify continued payment of the taxes by property owners. An increase in WCID 158's tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied by WCID 158 and the District.

The tax rate that may be required to service debt on any bonds issued by the District or WCID 158 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 $1.50 per $100 of taxable assessed valuation for the District and WCID 158 are higher than the tax rate of many utility districts in the Houston metropolitan area, although such combined rates 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 in combination with WCID 158. The current combined tax rate of the District and WCID 158 is consistent with the rules of the TCEQ. If the total combined tax rate of the District and WCID 158 should ever exceed $1.50 per $100 of taxable assessed valuation, the District and WCID 158 could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt" and "—Overlapping Taxes" and "Possible Impact on District Tax Rates" herein.

Voters within the Management District, which includes approximately 351 acres within the boundaries of the District, have approved the levy of a sales and use tax and a hotel occupancy tax and issuance of bonds payable from said taxes and/or property assessments. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes. See "BRIDGELAND."

Tax Collections Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes, that have already been paid.

Potential Effects of Oil Price Volatility 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.

Tropical Weather Events

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

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

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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 "WATER, WASTEWATER AND DRAINAGE."

Registered Owners' Remedies

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 Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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 Order. Except for mandamus, the Bond Order 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 Order 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.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners may be limited 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. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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 collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District's voters have authorized the issuance of a total of $312,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, a total of $68,000,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities, and a total of $85,500,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing park and recreational facilities. After issuance of the Bonds, $278,565,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities will remain authorized but unissued, $42,775,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities will remain authorized but unissued, and all of the principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities will remain authorized but unissued. The District's voters have also authorized $232,750,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, none of which have been issued. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "—Financing Road Facilities." The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Any bonds issued by the District however, must be approved by the Attorney General of Texas and the Board of the District. The issuance of additional bonds for water, sewer, drainage and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The issuance of additional bonds for road facilities is currently not subject to approval by the TCEQ. 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.

After reimbursement with proceeds from the Bonds, the District will continue to owe funds to the Developer in the amount of approximately $48,710,829 plus interest for advances made for the engineering and construction of water, sewer and drainage facilities and road facilities, and approximately $22,484,360 plus interest for advances made for the engineering and construction of recreational facilities; however, the principal amount of bonds (outstanding bonds must be taken into account) issued to finance recreational facilities may not exceed 3% of the District's taxable value at the time the bonds are issued. The District intends to issue additional bonds in order to fully reimburse the Developer and to provide such facilities to the remainder of undeveloped but developable land (approximately 181 acres). In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in value of the taxable property in the District. 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. See "Overlapping Debt and Taxes" in this section and "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," "—Financing Road Facilities," and "—Financing Fire-Fighting Facilities."

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

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are released into the air, water, or 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 Service Area. 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 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), with an effective date of March 5, 2018, 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. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District's stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the "Current Permit") issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District's inclusion in the MS4 Permit were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

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

While the Sackett decision 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.

The Katy-Hockley Fault

Professional geologists have identified the alignment of the Katy-Hockley Fault and the associated fault zone within the boundaries of WCID 158 and the District. Large and abrupt movements of faults, which are the cause of earthquakes, generally do not occur in the Houston region. Faults that exist directly beneath structures can cause slight to significant damage to those structures, depending on movement. Studies on the movement of the Katy-Hockley Fault have measured movement at an estimated rate of a quarter of an inch per year, which is not considered to be a material risk. Furthermore, the Developer is aware of the Katy-Hockley Fault and has mitigated the risk of the impact to current and planned residential and commercial structures by strategically planning the location of detention basins and open/green space on or around the vicinity of the fault zone including within the District. As a result, the Katy-Hockley Fault is not expected to impact structures or the taxable value of property within the District.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Underwriter has entered into an agreement with Assured Guaranty Inc. ("AG" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P. See "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurer and its claims 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) of the Bonds. See description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

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

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

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.

Future Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such legislation, administrative action, or court decision could limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order 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 "LEGAL MATTERS—Tax Exemption."

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District 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 District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited 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 and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and therefore such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections "THE BONDS," "THE DISTRICT—General, "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel and General Counsel," "WATER, WASTEWATER AND DRAINAGE—Master Facilities," "TAXING PROCEDURES," and "LEGAL MATTERS," solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this OFFICIAL STATEMENT, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon such firm'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 of the other information contained herein.

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under Section 57 (a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, 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, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health-insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the "Original Issue Discount Bonds"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, 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 Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued 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 Original Issue Discount 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 (a) the sum of the issue price and 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 (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT 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 ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds is greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Underwriter a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). The District has not applied for an underlying investment grade rating on the Bonds nor is it expected that the District would have been successful if such application had been made. An explanation of the rating may be obtained from S&P. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

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

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible

downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

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

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

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

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

Capitalization of AG

At June 30, 2026:

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

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

Incorporation of Certain Documents by Reference

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

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

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

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

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

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

Miscellaneous Matters

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the 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 sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

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

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants:

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" and "TAXING PROCEDURES" has been provided by Assessments of the Southwest, Inc. and is included herein in reliance upon the authority of said firm as experts in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the water, sanitary sewer, drainage and road systems and, in particular that information included in the sections entitled "THE DISTRICT," "ROADS," "WATER, WASTEWATER AND DRAINAGE" and "MAJOR CHANNEL AND DETENTION IMPROVEMENTS" 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 May 31, 2026, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2026, financial statements.

Updating the Official Statement

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

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 Order, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "WATER, WASTEWATER AND DRAINAGE," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," (except "Estimated Overlapping Debt" and "Overlapping Taxes") and "TAX DATA—Tax Rate Distribution—Historical Tax Collections—Tax Roll Information—Tax Adequacy for Debt Service," (most of which information is contained in the District's annual audited financial statements) and in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2026.

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

The District's current fiscal year end is May 31. Accordingly, it must provide updated information by November 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.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt 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 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 to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order 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 an internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects 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 holders and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid but in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. 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 reason 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

Since its first issuance of bonds in 2024, the District has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

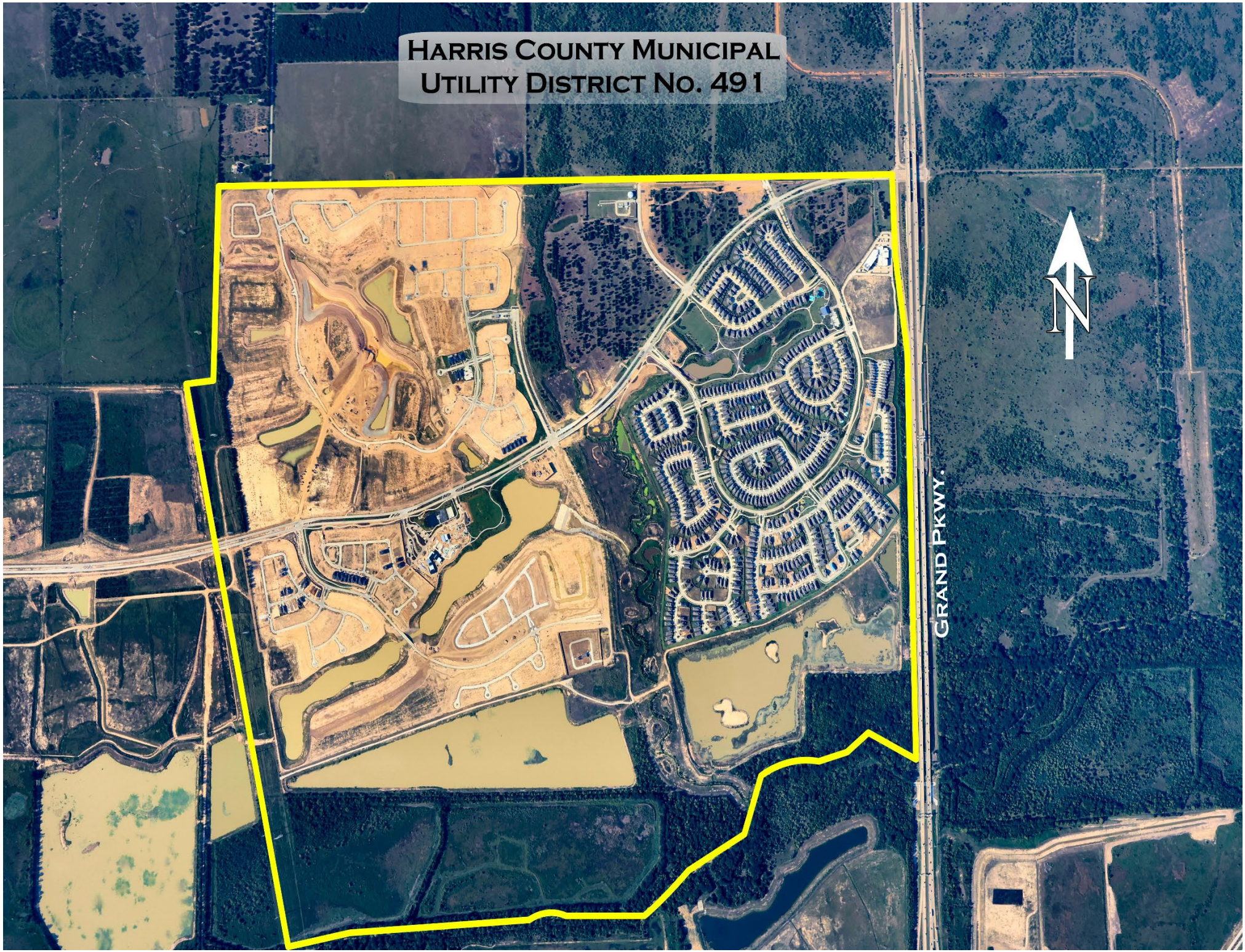
/s/ Reagan Griffith
President, Board of Directors

ATTEST:

/s/ Katrinna Wilkins
Secretary, Board of Directors

AERIAL LOCATION MAP

(Approximate boundaries as of September 2026)


Harris County Municipal
Utility District No. 491
N
Grand Pkwy.

PHOTOGRAPHS OF THE DISTRICT

(Taken September 2026)




















DRYline




CHESMAR HOMES
GONE
GONE

APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended May 31, 2026

The information contained in this appendix includes the audited financial statements of Harris County Municipal Utility District No. 491 and certain supplemental information for the fiscal year ended May 31, 2026.

Harris County Municipal Utility District No. 491

Harris County, Texas

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

May 31, 2026

Harris County Municipal Utility District No. 491
Contents
May 31, 2026

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-Term Bonded Debt 33

Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund 34

Board Members, Key Personnel, and Consultants 36

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. 491
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. 491 (District), as of and for the year ended May 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 May 31, 2026, 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 schedules, 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
October 9, 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

	2026	2025
Current and other assets	$ 4,325,650	$ 3,364,086
Capital assets	20,549,221	18,097,144
Total assets	$ 24,874,871	$ 21,461,230
Long-term liabilities	$ 58,893,637	$ 43,660,599
Other liabilities	1,365,819	700,405
Total liabilities	60,259,456	44,361,004

Summary of Net Position (Continued)

	2026	2025
Net position		
Net investment in capital assets	$ (9,671,515)	$ (7,446,820)
Restricted	311,509	17,476
Unrestricted	(26,024,579)	(15,470,430)
Total net position	$ (35,384,585)	$ (22,899,774)

The total net position of the District decreased by $12,484,811, or about 55%. The majority of the decrease in net position is related to the conveyance of capital assets funded by the developer of the District to another governmental entity for ownership and maintenance. Although the District's investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2026	2025
Revenues		
Property taxes	$ 2,085,819	$ 1,060,307
Charges for services	1,308,019	841,394
Other revenues	776,694	816,966
Total revenues	4,170,532	2,718,667
Expenses		
Services	3,985,659	2,985,132
Conveyance of capital assets	9,833,024	8,780,747
Purchase of capacity	-	3,490,548
Depreciation	642,879	574,746
Debt service	2,193,781	1,539,467
Total expenses	16,655,343	17,370,640
Change in net position	(12,484,811)	(14,651,973)
Net position, beginning of year	(22,899,774)	(8,247,801)
Net position, end of year	$ (35,384,585)	$ (22,899,774)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2026 were $3,321,955, an increase of $465,384 from the prior year.

The general fund's fund balance decreased by $454,095 primarily due to service operations expenditures exceeding property tax and service revenues and developer advances.

The debt service fund's fund balance increased by $360,100 primarily due to property tax revenues and proceeds received from the sale of the Series 2025 Road bonds exceeding interest expenditures on bonds.

The capital projects fund's fund balance increased by $559,379 primarily due to proceeds received from the sale of the Series 2025 Road bonds exceeding capital outlay expenditures and debt issuance costs.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues, water and sewer service revenues, tap connection and inspection fees revenues and the related tap connection expenditures, purchased services expenditures, solid waste expenditures, and repairs and maintenance expenditures being greater than anticipated. The fund balance as of May 31, 2026 was expected to be $459,130, and the actual end-of-year fund balance was $210,035.

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)

	2026	2025
Water facilities	$ 4,337,438	$ 3,603,724
Wastewater facilities	6,663,910	5,566,976
Drainage facilities	7,052,138	6,222,731
Parks and recreational facilities	2,495,735	2,703,713
Total capital assets	$ 20,549,221	$ 18,097,144

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

Water, wastewater, and drainage facilities for Creekland Village, Sections 10–12	$ 2,387,059
Water and wastewater facilities for Creekland Village, Section 5 and Flowing Creek Drive, Phase 1	707,897
Total additions to capital assets	$ 3,094,956

The developer within the District has constructed water, wastewater, drainage, road, and recreational facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission, if required. As of May 31, 2026, a liability for developer-constructed capital assets of $20,842,545 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2026 are summarized as follows:

Long-term debt payable, beginning of year	$ 43,660,599
Increases in long-term debt	21,657,516
Decreases in long-term debt	(6,424,478)
Long-term debt payable, end of year	$ 58,893,637

Since inception, the developer has advanced $1,433,532, net of repayments, to the District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

At May 31, 2026, the District had $299,510,000 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; $85,500,000 of unlimited tax bonds authorized, but unissued, for financing and constructing recreational facilities; and $42,775,000 of unlimited tax bonds authorized, but unissued, for financing and constructing roads.

The District's bonds do not carry an underlying rating. The Series 2024 and Series 2024 Road bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2025 Road 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 District is annexed, the City must assume the District's assets and obligations (including any bonded indebtedness) and abolish the District within 90 days.

Contingencies

The developer of the District is constructing water, wastewater, drainage, road, and recreational facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction amounts are approximately $92,125,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Harris County Municipal Utility District No. 491
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 358,454	$ 115,715	$ 440	$ 474,609	$ -	$ 474,609
Short-term investments	499,145	1,846,519	1,237,740	3,583,404	-	3,583,404
Receivables						
Property taxes	45,609	18,748	-	64,357	-	64,357
Service accounts	46,916	-	-	46,916	-	46,916
Prepaid expenditures	14,616	-	-	14,616	-	14,616
Operating reserves	141,748	-	-	141,748	-	141,748
Interfund receivable	82,950	-	-	82,950	(82,950)	-
Capital assets (net of accumulated depreciation)						
Infrastructure	-	-	-	-	18,053,486	18,053,486
Parks and recreation	-	-	-	-	2,495,735	2,495,735
Total Assets	$ 1,189,438	$ 1,980,982	$ 1,238,180	$ 4,408,600	$ 20,466,271	$ 24,874,871
Liabilities						
Accounts payable	$ 829,307	$ 5,544	$ -	$ 834,851	$ -	$ 834,851
Accrued interest payable	-	-	-	-	426,481	426,481
Customer deposits	102,690	-	-	102,690	-	102,690
Due to others	1,797	-	-	1,797	-	1,797
Interfund payable	-	82,950	-	82,950	(82,950)	-
Long-term liabilities						
Due within one year	-	-	-	-	420,000	420,000
Due after one year	-	-	-	-	58,473,637	58,473,637
Total Liabilities	933,794	88,494	-	1,022,288	59,237,168	60,259,456
Deferred Inflows of Resources						
Deferred property tax revenues	45,609	18,748	-	64,357	(64,357)	-
Fund Balances/Net Position						
Fund balances						
Nonspendable, prepaid expenditures	14,616	-	-	14,616	(14,616)	-
Restricted						
Unlimited tax bonds	-	699,081	-	699,081	(699,081)	-
Unlimited tax road bonds	-	1,174,659	-	1,174,659	(1,174,659)	-
Water, sewer, and drainage	-	-	697,763	697,763	(697,763)	-
Roads	-	-	540,417	540,417	(540,417)	-
Assigned to, operating reserves	141,748	-	-	141,748	(141,748)	-
Unassigned	53,671	-	-	53,671	(53,671)	-
Total fund balances	210,035	1,873,740	1,238,180	3,321,955	(3,321,955)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,189,438	$ 1,980,982	$ 1,238,180	$ 4,408,600		
Net position						
Net investment in capital assets					(9,671,515)	(9,671,515)
Restricted for debt service					254,888	254,888
Restricted for capital projects					56,621	56,621
Unrestricted					(26,024,579)	(26,024,579)
Total net position					$ (35,384,585)	$ (35,384,585)

Harris County Municipal Utility District No. 491
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
Year Ended May 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,416,908	$ 627,889	$ -	$ 2,044,797	$ 41,022	$ 2,085,819
Water service	284,253	-	-	284,253	-	284,253
Sewer service	562,857	-	-	562,857	-	562,857
Regional water fee	460,909	-	-	460,909	-	460,909
Penalty and interest	85,360	7,758	-	93,118	-	93,118
Tap connection and inspection fees	559,688	-	-	559,688	-	559,688
Investment income	17,286	65,794	39,354	122,434	-	122,434
Other income	98	1,356	-	1,454	-	1,454
Total Revenues	3,387,359	702,797	39,354	4,129,510	41,022	4,170,532
Expenditures/Expenses						
Service operations						
Purchased services	463,220	-	-	463,220	-	463,220
Regional water fee	450,436	-	-	450,436	-	450,436
Professional fees	292,775	-	-	292,775	-	292,775
Contracted services	123,139	33,797	-	156,936	-	156,936
Solid waste	175,362	-	-	175,362	-	175,362
Utilities	15,006	-	-	15,006	-	15,006
Repairs and maintenance	1,979,992	-	-	1,979,992	-	1,979,992
Other expenditures	73,725	11,534	209	85,468	-	85,468
Tap connections	366,464	-	-	366,464	-	366,464
Capital outlay	-	-	15,288,814	15,288,814	(15,288,814)	-
Conveyance of capital assets	-	-	-	-	9,833,024	9,833,024
Depreciation	-	-	-	-	642,879	642,879
Debt service						
Interest and fees	-	1,103,190	-	1,103,190	232,869	1,336,059
Debt issuance costs	47,795	-	809,927	857,722	-	857,722
Total Expenditures/Expenses	3,987,914	1,148,521	16,098,950	21,235,385	(4,580,042)	16,655,343
Deficiency of Revenues Over Expenditures	(600,555)	(445,724)	(16,059,596)	(17,105,875)	4,621,064	
Other Financing Sources (Uses)						
Interfund transfers in (out)	35,201	(35,201)	-	-	-	
Developer advances	111,259	-	-	111,259	(111,259)	
General obligation bonds issued	-	841,025	17,158,975	18,000,000	(18,000,000)	
Discount on debt issued	-	-	(540,000)	(540,000)	540,000	
Total Other Financing Sources	146,460	805,824	16,618,975	17,571,259	(17,571,259)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(454,095)	360,100	559,379	465,384	(465,384)	
Change in Net Position					(12,484,811)	(12,484,811)
Fund Balances/Net Position						
Beginning of year	664,130	1,513,640	678,801	2,856,571	-	(22,899,774)
End of year	$ 210,035	$ 1,873,740	$ 1,238,180	$ 3,321,955	$ -	$ (35,384,585)

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

Harris County Municipal Utility District No. 491 (District) was created by an order of the Texas Commission on Environmental Quality (Commission), effective July 3, 2007, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and 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, and drainage facilities and to provide such facilities and services to the customers of the District. The District is also authorized by the Texas Water Code, Chapter 49, to provide recreational facilities and has acquired the authority to provide road facilities under the Texas Water Code, Chapter 54.

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 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 outlay.

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures, and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services, and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are 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. Revenues recognized during the fiscal year ended May 31, 2026 include collections during the current period or within 60 days of year-end related to the 2025 and prior years' tax levies.

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 May 31, 2026, the 2025 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years
Drainage facilities	10–45 years
Parks and recreational facilities	10–30 years

Debt Issuance Costs

Debt issuance costs 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 fund financial statements.	$ 20,549,221
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	64,357
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(426,481)
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	(58,893,637)
Adjustment to fund balances to arrive at net position.	$ (38,706,540)

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.	$ 465,384
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 or conveyed to another governmental entity for maintenance. This is the amount by which capital outlay expenditures exceeded conveyed capital assets and depreciation expense, in the current period.	4,812,911
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.	(111,259)
Governmental funds report proceeds from the 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 effect on net position.	(18,000,000)

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas amounts are deferred and amortized in the statement of activities.	$	540,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.		41,022
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(232,869)
Change in net position of governmental activities.	$	(12,484,811)

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 May 31, 2026, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The District's investments in Texas CLASS are reported at fair value.

At May 31, 2026, the District had the following investments and maturities.

Type	Fair Value	Maturities in Years: Less Than 1	1–5	6–10	More Than 10
Texas CLASS	$ 3,583,404	$ 3,583,404	$ -	$ -	$ -

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 May 31, 2026, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Investment Income

Investment income of $122,434 for the year ended May 31, 2026 consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2026:

- Pooled investments of $3,583,404 are valued at fair value.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended May 31, 2026 is presented as follows:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable			
Water production and distribution facilities	$ 3,746,486	$ 835,624	$ 4,582,110
Wastewater collection and treatment facilities	5,788,225	1,264,662	7,052,887
Drainage facilities	6,463,450	994,670	7,458,120
Parks and recreational facilities	3,119,669	-	3,119,669
Total capital assets, depreciable	19,117,830	3,094,956	22,212,786
Less accumulated depreciation			
Water production and distribution facilities	(142,762)	(101,910)	(244,672)
Wastewater collection and treatment facilities	(221,249)	(167,728)	(388,977)
Drainage facilities	(240,719)	(165,263)	(405,982)
Parks and recreational facilities	(415,956)	(207,978)	(623,934)
Total accumulated depreciation	(1,020,686)	(642,879)	(1,663,565)
Total governmental activities, net	$ 18,097,144	$ 2,452,077	$ 20,549,221

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended May 31, 2026 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	$ 19,715,000	$ 18,000,000	$ -	$ 37,715,000	$ 420,000
Less discounts on bonds	580,053	540,000	22,613	1,097,440	-
	19,134,947	17,460,000	(22,613)	36,617,560	420,000
Due to developer, advances	1,322,273	111,259	-	1,433,532	-
Due to developer, construction	23,203,379	4,086,257	6,447,091	20,842,545	-
Total governmental activities long-term liabilities	$ 43,660,599	$ 21,657,516	$ 6,424,478	$ 58,893,637	$ 420,000

General Obligation Bonds

	Series 2024	Series 2024 Road
Amounts outstanding, May 31, 2026	$12,490,000	$7,225,000
Interest rates	4.00% to 6.50%	4.00% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2026/2050	September 1, 2026/2050
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2030	September 1, 2030

	Series 2025 Road
Amount outstanding, May 31, 2026	$18,000,000
Interest rates	4.00% to 6.50%
Maturity dates, serially beginning/ending	March 1, 2028/2051
Interest payment dates	September 1/March 1
Callable date*	March 1, 2032

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2026.

Year	Principal	Interest	Total
2027	$ 420,000	$ 1,692,275	$ 2,112,275
2028	835,000	1,664,488	2,499,488
2029	875,000	1,609,562	2,484,562
2030	920,000	1,551,875	2,471,875
2031	970,000	1,491,262	2,461,262
2032–2036	5,600,000	6,576,013	12,176,013
2037–2041	7,165,000	5,221,338	12,386,338
2042–2046	9,190,000	3,570,874	12,760,874
2047–2051	11,740,000	1,411,857	13,151,857
Total	$ 37,715,000	$ 24,789,544	$ 62,504,544

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	$ 312,000,000
Recreational facilities	85,500,000
Road facilities	68,000,000
Refunding bonds	232,750,000
Bonds sold	
Water, sewer, and drainage facilities	12,490,000
Road facilities	25,225,000

Due to Developer

The developer of the District has constructed water, wastewater, drainage, road, and recreational facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission, if required. As of May 31, 2026, a liability for developer-constructed capital assets of $20,842,545 was recorded in the government-wide financial statements.

Since inception, the developer has advanced $1,433,532, net of repayments, to the District for operations and for certain construction projects. These advances have been recorded as liabilities in the government-wide financial statements.

Note 5. Significant Bond Order and Commission Requirements

(A) The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended May 31, 2026, the District levied an ad valorem debt service tax at a rate of $0.3100 per $100 assessed valuation, which resulted in a tax levy of $646,637 on the taxable valuation of $208,592,694 for the 2025 tax year. The principal and interest requirements on utility bonds to be paid from property taxes and available resources are $790,806, of which $267,903 has been paid and $522,903 is due September 1, 2026. The principal

and interest requirements on road bonds to be paid from property taxes and available resources are $1,152,896, of which $402,837 has been paid and $750,059 is due September 1, 2026.

(B) In accordance with the Series 2024, Series 2024 Road, and Series 2025 Road Bond Orders, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid. The bond interest reserve is as follows:

Bond interest reserve, beginning of year		$ 1,473,284
Additions – Interest appropriated from bond proceeds		
Series 2025 Road		841,025
Deductions – Appropriation from bond interest paid		
Series 2024	$ 535,806	
Series 2024 Road	329,094	
Series 2025 Road	238,290	1,103,190
Bond interest reserve, end of year		$ 1,211,119

Note 6. Maintenance Taxes

At an election held May 6, 2017, voters authorized a maintenance tax not to exceed $1.00 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2026, the District levied an ad valorem maintenance tax at the rate of $0.6900 per $100 of assessed valuation, which resulted in a tax levy of $1,439,290 on the taxable valuation of $208,592,694 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Contracts With Others

The District is served by a regional water supply and wastewater treatment system that is owned and operated by Harris County Municipal Utility District No. 418 (District No. 418), in its capacity as “Master District,” pursuant to that certain Contract for Financing, Operation and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, as amended from time to time, by and between District No. 418, the District and other participating districts. District No. 418 will acquire, construct, own, operate and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities necessary to serve itself, the District and other municipal utility districts that comprise the Bridgeland community.

District No. 418 charges a connection charge to pay for the costs of constructing regional facilities. The current charge is $5,429 per equivalent single-family connection for water supply capacity and $4,041 for wastewater treatment capacity. District No. 418 also charges a wastewater collection connection charge, which varies based on the location of the area to be served by the system, ranging from $0 to $5,130 per equivalent single-family connection. These charges are subject to adjustment annually. As of May 31, 2026, the District has been credited with water and sewer connections with a value of $3,490,548. In addition, District No. 418 is authorized, in certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities, as needed, to serve all districts in the service area. Once bonds are issued, each participating district would contribute to the debt service requirements of the bonds. The District’s voters have approved such a contract-revenue tax proposition.

The contract requires that operations and maintenance costs and a percentage of the administrative costs be paid to the Master District on a monthly basis. Additionally, each participant is required to advance funds to the Master District to create a reserve for the benefit of such participant in an amount equal to the participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the Master District's fiscal year (currently June 1).

During the current year, the District incurred operating charges of $572,797 for water supply and $253,608 for wastewater services. In addition, the District has contributed $94,997 for its share of the water supply reserve and $34,041 for its share of the wastewater treatment reserve. The reserves are subject to adjustment annually.

During the year ended May 31, 2024, the District entered into a contract with District Nos. 418, 419, 489, 490, 492, and 493, as well as Harris County Water Control and Improvement District Nos. 158 and 159 (WCIDs), which created the Bridgeland Water Agency. The Agency was created to facilitate and coordinate public communications, sharing of costs and expenses and to provide supporting administrative functions to the Districts and the WCIDs, and to acquire and maintain lands, buildings or office space, equipment, materials, and supplies necessary to carry out the provisions of the contract. Effective May 31, 2024, the WCIDs withdrew from the contract. For the year ended May 31, 2026, the District incurred costs of $87,251 and contributed $12,710 for its share of a reserve.

Note 8. Risk Management

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

Note 9. Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction amounts are approximately $92,125,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Required Supplementary Information

Harris County Municipal Utility District No. 491
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2026

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 1,032,401	$ 1,416,908	$ 384,507
Water service	208,000	284,253	76,253
Sewer service	354,000	562,857	208,857
Regional water fee	502,406	460,909	(41,497)
Penalty and interest	22,750	85,360	62,610
Tap connection and inspection fees	352,074	559,688	207,614
Investment income	13,150	17,286	4,136
Other income	-	98	98
Total Revenues	2,484,781	3,387,359	902,578
Expenditures			
Service operations			
Purchased services	336,482	463,220	(126,738)
Regional water fee	502,406	450,436	51,970
Professional fees	240,000	292,775	(52,775)
Contracted services	106,300	123,139	(16,839)
Utilities	5,000	15,006	(10,006)
Solid waste	76,500	175,362	(98,862)
Repairs and maintenance	1,223,000	1,979,992	(756,992)
Other expenditures	75,352	73,725	1,627
Tap connections	236,000	366,464	(130,464)
Debt service, debt issuance costs	-	47,795	(47,795)
Total Expenditures	2,801,040	3,987,914	(1,186,874)
Deficiency of Revenues Over Expenditures	(316,259)	(600,555)	(284,296)
Other Financing Sources			
Interfund transfer in	-	35,201	35,201
Developer advances	111,259	111,259	-
Total Other Financing Sources	111,259	146,460	35,201
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(205,000)	(454,095)	(249,095)
Fund Balance, Beginning of Year	664,130	664,130	-
Fund Balance, End of Year	$ 459,130	$ 210,035	$ (249,095)

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2026.

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. 491
Other Schedules Included Within This Report
May 31, 2026

(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. 491
Schedule of Services and Rates
Year Ended May 31, 2026

1. Services provided by the District

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

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	$ 18.00	5,000	N	$ 1.75	5,001 to 10,000
				$ 2.00	10,001 to 20,000
				$ 2.50	20,000 to No Limit
Wastewater:	$ 63.96	0	Y		
Regional water fee:	$ 4.66	1	N	$ 4.66	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 $ 73.35 Wastewater $ 63.96

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	609	609	x1.0	609
1"	243	243	x2.5	608
1 1/2"	4	4	x5.0	20
2"	3	1	x8.0	8
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	2	1	x50.0	50
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	863	860		1,390
Total wastewater	838	836	x1.0	836

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

Gallons pumped into the system:	101,876
Gallons billed to customers:	101,876
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 491
Schedule of General Fund Expenditures
Year Ended May 31, 2026

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 19,500	
Legal	132,791	
Engineering	140,484	
Financial advisor	-	292,775
Purchased Services for Resale		
Bulk water and wastewater service purchases		463,220
Regional Water Fee		450,436
Contracted Services		
Bookkeeping	63,282	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	59,857	123,139
Utilities		15,006
Repairs and Maintenance		1,979,992
Administrative Expenditures		
Directors' fees	10,166	
Office supplies	11,086	
Insurance	11,922	
Other administrative expenditures	40,551	73,725
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	-	-
Tap Connection Expenditures		366,464
Solid Waste Disposal		175,362
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		47,795
Total Expenditures		$ 3,987,914

Harris County Municipal Utility District No. 491
Schedule of Temporary Investments
May 31, 2026

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Texas CLASS	3.77%	Demand	$ 499,145	$ -
Debt Service Fund				
Texas CLASS	3.77%	Demand	671,860	-
Texas CLASS	3.77%	Demand	1,174,659	-
			1,846,519	-
Capital Projects Fund				
Texas CLASS	3.77%	Demand	697,323	-
Texas CLASS	3.77%	Demand	7,100	-
Texas CLASS	3.77%	Demand	533,317	-
			1,237,740	-
Totals			$ 3,583,404	$ -

Harris County Municipal Utility District No. 491
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2026

		Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year		$ 23,335	$ -
Additions and corrections to prior years' taxes		(108)	-
Adjusted Receivable, Beginning of Year		23,227	-
2025 Original Tax Levy		1,373,303	616,991
Additions and corrections		65,987	29,646
Adjusted tax levy		1,439,290	646,637
Total to Be Accounted For		1,462,517	646,637
Tax collections:	Current year	(1,397,559)	(627,889)
	Prior years	(19,349)	-
Receivable, End of Year		$ 45,609	$ 18,748
Receivable, by Years			
2025		$ 41,731	$ 18,748
2024		55	-
2022		3,823	-
Receivable, End of Year		$ 45,609	$ 18,748

Harris County Municipal Utility District No. 491
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2026 (Continued)

	2025	2024	2023	2022
Property Valuations				
Land	$ 81,764,903	$ 62,299,255	$ 41,208,619	$ 22,845,957
Improvements	137,434,171	46,343,711	34,366	5,118
Personal property	636,815	240,386	-	-
Exemptions	(11,243,195)	(3,438,216)	(1,624,494)	-
Total Property Valuations	$ 208,592,694	$ 105,445,136	$ 39,618,491	$ 22,851,075
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.3100	$ -	$ -	$ -
Maintenance tax rates*	0.6900	1.0000	1.0000	1.0000
Total Tax Rates per $100 Valuation	$ 1.0000	$ 1.0000	$ 1.0000	$ 1.0000
Tax Levy	$ 2,085,927	$ 1,054,451	$ 396,186	$ 228,511
Percent of Taxes Collected to Taxes Levied**	97%	99%	100%	98%

*Maximum tax rate approved by voters: $1.00 on May 6, 2017

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

Harris County Municipal Utility District No. 491
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2026

Due During Fiscal Years Ending May 31	Series 2024 Principal Due September 1	Series 2024 Interest Due September 1, March 1	Total
2027	$ 255,000	$ 527,519	$ 782,519
2028	265,000	510,619	775,619
2029	280,000	492,906	772,906
2030	295,000	474,219	769,219
2031	310,000	454,556	764,556
2032	325,000	437,982	762,982
2033	345,000	424,581	769,581
2034	360,000	410,481	770,481
2035	380,000	395,682	775,682
2036	400,000	380,081	780,081
2037	420,000	363,681	783,681
2038	445,000	346,381	791,381
2039	465,000	328,181	793,181
2040	490,000	309,081	799,081
2041	515,000	288,981	803,981
2042	545,000	267,781	812,781
2043	575,000	245,382	820,382
2044	605,000	221,781	826,781
2045	635,000	196,981	831,981
2046	670,000	170,881	840,881
2047	705,000	143,381	848,381
2048	740,000	114,481	854,481
2049	780,000	84,081	864,081
2050	820,000	52,082	872,082
2051	865,000	17,841	882,841
Totals	$ 12,490,000	$ 7,659,603	$ 20,149,603

Harris County Municipal Utility District No. 491
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2026 **(Continued)**

Due During Fiscal Years Ending May 31	Series 2024 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 165,000	$ 323,731	$ 488,731
2028	170,000	312,844	482,844
2029	175,000	301,631	476,631
2030	185,000	289,931	474,931
2031	195,000	277,581	472,581
2032	200,000	264,744	464,744
2033	210,000	251,419	461,419
2034	220,000	238,406	458,406
2035	230,000	227,618	457,618
2036	240,000	218,219	458,219
2037	250,000	208,419	458,419
2038	265,000	198,119	463,119
2039	275,000	187,319	462,319
2040	285,000	176,119	461,119
2041	300,000	164,419	464,419
2042	315,000	152,119	467,119
2043	330,000	139,218	469,218
2044	345,000	125,503	470,503
2045	360,000	110,963	470,963
2046	375,000	95,803	470,803
2047	390,000	80,025	470,025
2048	410,000	63,525	473,525
2049	425,000	46,303	471,303
2050	445,000	28,359	473,359
2051	465,000	9,591	474,591
Totals	$ 7,225,000	$ 4,491,928	$ 11,716,928

Harris County Municipal Utility District No. 491
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2026 **(Continued)**

Due During Fiscal Years Ending May 31	Series 2025 Road		
	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ -	$ 841,025	$ 841,025
2028	400,000	841,025	1,241,025
2029	420,000	815,025	1,235,025
2030	440,000	787,725	1,227,725
2031	465,000	759,125	1,224,125
2032	485,000	728,900	1,213,900
2033	510,000	697,375	1,207,375
2034	535,000	664,225	1,199,225
2035	565,000	629,450	1,194,450
2036	595,000	606,850	1,201,850
2037	625,000	583,050	1,208,050
2038	655,000	558,050	1,213,050
2039	690,000	531,850	1,221,850
2040	725,000	504,250	1,229,250
2041	760,000	473,438	1,233,438
2042	800,000	441,138	1,241,138
2043	840,000	407,136	1,247,136
2044	885,000	371,438	1,256,438
2045	930,000	332,718	1,262,718
2046	980,000	292,032	1,272,032
2047	1,030,000	249,156	1,279,156
2048	1,080,000	204,094	1,284,094
2049	1,135,000	156,844	1,291,844
2050	1,195,000	107,188	1,302,188
2051	1,255,000	54,906	1,309,906
Totals	$ 18,000,000	$ 12,638,013	$ 30,638,013

Harris County Municipal Utility District No. 491
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2026 **(Continued)**

Due During Fiscal Years Ending May 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 420,000	$ 1,692,275	$ 2,112,275
2028	835,000	1,664,488	2,499,488
2029	875,000	1,609,562	2,484,562
2030	920,000	1,551,875	2,471,875
2031	970,000	1,491,262	2,461,262
2032	1,010,000	1,431,626	2,441,626
2033	1,065,000	1,373,375	2,438,375
2034	1,115,000	1,313,112	2,428,112
2035	1,175,000	1,252,750	2,427,750
2036	1,235,000	1,205,150	2,440,150
2037	1,295,000	1,155,150	2,450,150
2038	1,365,000	1,102,550	2,467,550
2039	1,430,000	1,047,350	2,477,350
2040	1,500,000	989,450	2,489,450
2041	1,575,000	926,838	2,501,838
2042	1,660,000	861,038	2,521,038
2043	1,745,000	791,736	2,536,736
2044	1,835,000	718,722	2,553,722
2045	1,925,000	640,662	2,565,662
2046	2,025,000	558,716	2,583,716
2047	2,125,000	472,562	2,597,562
2048	2,230,000	382,100	2,612,100
2049	2,340,000	287,228	2,627,228
2050	2,460,000	187,629	2,647,629
2051	2,585,000	82,338	2,667,338
Totals	$ 37,715,000	$ 24,789,544	$ 62,504,544

Harris County Municipal Utility District No. 491
Changes in Long-Term Bonded Debt
Year Ended May 31, 2026

	Bond Issues			
	Series 2024	Series 2024 Road	Series 2025 Road	Totals
Interest rates	4.00% to 6.50%	4.00% to 6.50%	4.00% to 6.50%	
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Maturity dates	September 1, 2026/2050	September 1, 2026/2050	March 1, 2028/2051	
Bonds outstanding, beginning of current year	$ 12,490,000	$ 7,225,000	$ -	$ 19,715,000
Bonds sold during current year	-	-	18,000,000	18,000,000
Bonds outstanding, end of current year	$ 12,490,000	$ 7,225,000	$ 18,000,000	$ 37,715,000
Interest paid during current year	$ 535,806	$ 329,094	$ 238,290	$ 1,103,190

Paying agent's name and address:

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

Bond authority	Tax Bonds	Recreational Bonds	Road Bonds	Refunding Bonds
Amount authorized by voters	$ 312,000,000	$ 85,500,000	$ 68,000,000	$ 232,750,000
Amount issued	$ 12,490,000	$ -	$ 25,225,000	$ -
Remaining to be issued	$ 299,510,000	$ 85,500,000	$ 42,775,000	$ 232,750,000

Debt service fund cash and temporary investment balances as of May 31, 2026:	$ 1,962,234
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,500,182

Harris County Municipal Utility District No. 491
Comparative Schedule of Revenues and Expenditures – General Fund
Four Years Ended May 31,

	Amounts			
	2026	**2025**	**2024**	**2023**
General Fund				
Revenues				
Property taxes	$ 1,416,908	$ 1,062,290	$ 359,117	$ 229,294
Water service	284,253	195,725	66,146	4,709
Sewer service	562,857	366,810	149,936	11,396
Regional water fee	460,909	278,859	81,712	1,980
Penalty and interest	85,360	37,353	10,856	1,297
Tap connection and inspection fees	559,688	655,942	372,624	254,642
Investment income	17,286	8,969	11	-
Other income	98	62,611	190,234	1,010
Total Revenues	3,387,359	2,668,559	1,230,636	504,328
Expenditures				
Service operations				
Purchased services	463,220	299,764	76,290	8,765
Regional water fee	450,436	273,023	78,905	-
Professional fees	292,775	249,611	182,238	121,102
Contracted services	123,139	122,074	167,554	46,275
Solid waste	175,362	84,960	11,938	-
Utilities	15,006	6,906	1,747	-
Repairs and maintenance	1,979,992	1,284,339	404,584	76,059
Other expenditures	73,725	252,082	55,008	32,707
Tap connections	366,464	412,338	261,800	238,302
Debt service, debt issuance costs	47,795	-	30,032	-
Total Expenditures	3,987,914	2,985,097	1,270,096	523,210
Deficiency of Revenues Over Expenditures	(600,555)	(316,538)	(39,460)	(18,882)
Other Financing Sources				
Interfund transfers in	35,201	30,032	-	-
Developer advances	111,259	763,000	158,973	110,500
Total Other Financing Sources	146,460	793,032	158,973	110,500
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(454,095)	476,494	119,513	91,618
Fund Balance (Deficit), Beginning of Year	664,130	187,636	68,123	(23,495)
Fund Balance, End of Year	$ 210,035	$ 664,130	$ 187,636	$ 68,123
Total Active Retail Water Connections	860	613	343	133
Total Active Retail Wastewater Connections	836	594	327	119

Percent of Fund Total Revenues			
2026	**2025**	**2024**	**2023**
41.9 %	39.8 %	29.2 %	45.5 %
8.4	7.3	7.4	0.9
16.6	13.7	14.3	2.2
13.6	10.5	6.6	0.4
2.5	1.4	0.9	0.3
16.5	24.6	26.1	50.5
0.5	0.3	0.0	-
0.0	2.4	15.5	0.2
100.0	100.0	100.0	100.0
13.7	11.2	6.2	1.7
13.3	10.2	6.4	-
8.6	9.4	14.8	24.0
3.6	4.6	13.6	9.2
5.2	3.2	1.0	-
0.4	0.3	0.1	-
58.5	48.1	32.9	15.1
2.2	9.4	4.5	6.5
10.8	15.5	21.3	47.2
1.4	-	2.4	-
117.7	111.9	103.2	103.7
(17.7) %	(11.9) %	(3.2) %	(3.7) %

Harris County Municipal Utility District No. 491
Schedule of Revenues and Expenditures – Debt Service Fund
Two Years Ended May 31,

	Amounts		Percent of Fund Total Revenues	
	2026	2025	2026	2025
Debt Service Fund				
Revenues				
Property taxes	$ 627,889	$ -	89.3 %	- %
Penalty and interest	7,758	-	1.1	-
Investment income	65,794	40,356	9.4	100.0
Other income	1,356	-	0.2	-
Total Revenues	702,797	40,356	100.0	100.0
Expenditures				
Contracted services	33,797	-	4.8	-
Other expenditures	11,534	-	1.6	-
Debt service, interest and fees	1,103,190	256,516	157.0	635.6
Total Expenditures	1,148,521	256,516	163.4	635.6
Deficiency of Revenues Over Expenditures	(445,724)	(216,160)	(63.4) %	(535.6) %
Other Financing Sources (Uses)				
Interfund transfers out	(35,201)	-		
General obligation bonds issued	841,025	1,729,800		
Total Other Financing Sources	805,824	1,729,800		
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	360,100	1,513,640		
Fund Balance, Beginning of Year	1,513,640	-		
Fund Balance, End of Year	$ 1,873,740	$ 1,513,640		

Harris County Municipal Utility District No. 491
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2026

Complete District mailing address:	Harris County Municipal Utility District No. 491 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, TX 77056	
District business telephone number:	713.623.4531	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		June 5, 2026
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
Reagan Griffith	Elected 05/26–05/30	$ 2,873	$ 219	President
Julie A. Decker	Elected 05/26–05/30	1,768	595	Vice President
Katrinna Wilkins	Elected 05/24–05/28	2,210	412	Secretary
Chris Shippey	Elected 05/24–05/28	1,989	358	Assistant Secretary
Kristen McGrady	Elected 05/26–05/30	221	-	Assistant Secretary
Anthony Baber	Elected 05/22–05/26	1,105	205	Term Expired

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

Harris County Municipal Utility District No. 491
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2026 **(Continued)**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Assessments of the Southwest, Inc.*	05/18/21	$ 25,668	Tax Assessor/ Collector
BGE, Inc.	05/05/08	213,633	Engineer
Forvis Mazars, LLP	05/16/23	51,900	Auditor
Harris Central Appraisal District	Legislative Action	15,971	Appraiser
Inframark, LLC	05/18/21	1,124,490	Operator
Masterson Advisors LLC	03/28/19	298,979	Financial Advisor
Municipal Accounts & Consulting, L.P.	05/05/08	71,510	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/18/21	1,761	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	05/05/08	150,359 420,962	General Counsel Bond Counsel
Investment Officers			
Mark M. Burton and Ghia Lewis	05/28/14	N/A	Bookkeepers

*As successor to B&A Municipal Tax Service, LLC

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

SPECIMEN

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

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

SPECIMEN