# OFFICIAL STATEMENT DATED OCTOBER 27, 2026

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 493, 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 (BAM): S&P "AA" (stable outlook)
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 493

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

## $14,500,000
## UNLIMITED TAX BONDS
## SERIES 2026

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

**Due: September 1, as shown below**

The $14,500,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are being issued by Harris County Municipal Utility District No. 493 (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 24, 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."




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

## MATURITY SCHEDULE

| Due (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (b) | CUSIP Number (c) | Due (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (b) | CUSIP Number (c) |
|---|---|---|---|---|---|---|---|---|---|
| 2029 | $ 325,000 | 7.500 % | 4.00 % | 41424D CB7 | 2041 | $ 585,000 (a) | 5.000 % | 4.95 % | 41424D CP6 |
| 2030 | 345,000 | 7.500 | 4.00 | 41424D CC5 | 2042 | 615,000 (a) | 5.000 | 5.00 | 41424D CQ4 |
| 2031 | 360,000 | 7.500 | 4.00 | 41424D CD3 | 2043 | 645,000 (a) | 5.000 | 5.03 | 41424D CR2 |
| 2032 | 380,000 | 7.500 | 4.05 | 41424D CE1 | 2044 | 675,000 (a) | 5.000 | 5.05 | 41424D CS0 |
| 2033 | 395,000 (a) | 5.125 | 4.15 | 41424D CF8 | 2045 | 710,000 (a) | 5.000 | 5.09 | 41424D CT8 |
| 2034 | 415,000 (a) | 5.000 | 4.25 | 41424D CG6 | 2046 | 745,000 (a) | 5.000 | 5.13 | 41424D CU5 |
| 2035 | 435,000 (a) | 5.000 | 4.35 | 41424D CH4 | 2047 | 785,000 (a) | 5.000 | 5.17 | 41424D CV3 |
| 2036 | 460,000 (a) | 5.000 | 4.50 | 41424D CJ0 | 2048 | 825,000 (a) | 5.000 | 5.21 | 41424D CW1 |
| 2037 | 480,000 (a) | 5.000 | 4.60 | 41424D CK7 | 2049 | 865,000 (a) | 5.000 | 5.25 | 41424D CX9 |
| 2038 | 505,000 (a) | 5.000 | 4.70 | 41424D CL5 | 2050 | 910,000 (a) | 5.000 | 5.29 | 41424D CY7 |
| 2039 | 530,000 (a) | 5.000 | 4.80 | 41424D CM3 | 2051 | 955,000 (a) | 5.000 | 5.32 | 41424D CZ4 |
| 2040 | 555,000 (a) | 5.000 | 4.90 | 41424D CN1 | 2052 | 1,000,000 (a) | 5.000 | 5.35 | 41424D DA8 |

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

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

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

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are 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 24, 2026.

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## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from 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 and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

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

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), paying the interest rates shown on the cover page hereof, at a price of 97.0011% of the principal amount thereof which resulted in a net effective interest rate of 5.246160% 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 August 2, 2007, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently includes approximately 1,147 acres of land within its boundaries. See "THE DISTRICT."

*Location...* The District consists of two non-contiguous tracts, both of which are wholly within the exclusive extraterritorial jurisdiction of the City of Houston and each located approximately 25 miles northwest of the central downtown business district of the City of Houston, Texas and approximately four miles south of the intersection of State Highway 99 (the "Grand Parkway") and Texas State Highway 290. Approximately 725 acres within the District (the "Eastern Tract") is located within Cypress-Fairbanks Independent School District and is bounded on the east by Mason Road, on the south by Bridgeland Creek Parkway and on the north and west by undeveloped acreage within Harris County Municipal Utility District No. 418 ("MUD 418") and Harris County Water Control and Improvement District No. 157 "WCID 157"). Approximately 200 acres within the District (the "Western Tract") is located within Waller Independent School District and is bounded on the east by undeveloped acreage, on the south by Langham Creek, on the west by a Centerpoint Energy transmission easement and Harris County Municipal Utility District No. 492 ("MUD 492") and on the north by Bridgeland Creek Parkway and Harris County Municipal Utility District No. 490 ("MUD 490"). Approximately 220 acres within the District (the "Southern Tract") is located within Katy Independent School District and is bounded on the north by House and Hahl Road, on the west by MUD 492, on the south by John Paul Landing Park and Education Center, and on the east by the Grand Parkway. Access to the District is provided by the Grand Parkway to Bridgeland Creek Parkway. 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 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"). The development of Bridgeland is planned by the Developer (defined herein) 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.

BL Prairieland Village SFBTR LLC, a Delaware limited liability company ("BL Prairieland Village") has developed Wingspan, a single-family rental home community. BL Prairieland Village is a special purpose entity formed by HHH for the purpose of developing, owning and managing Wingspan and does not own any additional developable acreage within the District. See "THE DEVELOPER," "TAX DATA—Principal Taxpayers" and "RISK FACTORS—Rental Homes."

*Status of Development…* Underground utilities and paving are complete for 925 single-family traditional residential lots (approximately 150 acres) in the District. As of October 9, 2026, 212 homes were complete (212 homes occupied), 145 homes were under construction or in the name of a builder, and 568 single-family residential lots were available for home construction. According to the Developer, homes in the District have sales prices ranging from approximately $410,000 to $540,000.

BL Prairieland Village has also developed Wingspan, a single-family residential rental community consisting of 263 single-family residential lots on approximately 29 acres. As of October 9, 2026, all 263 rental homes were completed and 23 homes were available to lease (240 homes leased and occupied). The rental homes in Wingspan have an approximate square footage of between 600 and 1,700 square feet, and monthly rental rates for homes in Wingspan start at approximately $1,500. See "RISK FACTORS—Rental Homes."

A Waller Independent School District Elementary School has been constructed on approximately 18 acres within the District and opened for the 2024-2025 school year and Cypress Christian School, a kindergarten through twelfth grade private school, has been constructed on approximately 40 acres within the District and opened for the 2025-2026 school year. Such schools are not subject to ad valorem taxation by the District.

The remainder of the District is comprised of approximately 225 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites), and approximately 685 developable acres that have not been provided with utility service. See "THE DISTRICT—Land Use," "—Status of Development," and "—Future Development."

*The Builders…* Highland Homes, Brighton Homes and David Weekly Homes (the "Builders") are actively marketing and/or building homes in the District. 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 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 previously financed by the Outstanding Bonds (defined herein) include internal roads within Bridgeland Central, Section One, Peek Road and Prairieland Crossing. See "ROADS."

*Storm Drainage…* WCID 157, WCID 158 or WCID 159 provide or will provide detention facilities and major drainage and channel improvements to serve the land within their 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 either WCID 157, WCID 158 or WCID 159 and is also subject to taxation by either WCID 157, WCID 158 or WCID 159. WCID 157 levied a 2026 tax rate in the amount of $0.35 per $100 of taxable assessed valuation. WCID 157 has a total of $67,525,000 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 in the amount of $0.50 per $100 of taxable assessed valuation. 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 159 levied a 2026 tax rate in the amount of $0.44 per $100 of taxable assessed valuation. WCID 159 has a total of $69,220,000 in aggregate principal amount of bonds payable from ad valorem taxes that remain outstanding as of the date hereof. The District's anticipated 2026 tax rate of $1.00 per $100 of taxable assessed valuation, in combination with the 2026 tax rates of WCID 157, WCID 158 or WCID 159 is $1.35 per $100 of taxable assessed valuation, $1.50 per $100 of taxable assessed valuation, and $1.44 per $100 of taxable assessed valuation, respectively. See "RISK FACTORS—Overlapping Debt and Taxes."

*Payment Record…* The District has previously issued $12,855,000 principal amount of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities in one series, and $5,450,000 principal amount of unlimited tax bonds for acquiring or constructing road facilities in one series, $18,180,000 of which remain outstanding (the "Outstanding Bonds") as of the date hereof. See 'FINANCIAL INFORMATION CONERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District has never defaulted on its debt obligations. The District capitalized twenty-four (24) months of interest from the Series 2025 Bonds in October 2025 and will capitalize $725,000 of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

## THE BONDS

*Description...* The $14,500,000 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 September 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 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 September 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 September 1, 2032, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

*Use of Proceeds...* Proceeds of the Bonds will be used 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 $725,000 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 $198,000,000 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") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

*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."

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|---|---|
| *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 | $174,013,335 | (a) |
| Estimated Taxable Assessed Valuation as of September 23, 2026 | $251,856,135 | (b) |
| Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds) | $32,680,000 | (c) |
| Estimated Overlapping Debt | 14,858,224 | (d) |
| Gross Direct Debt and Estimated Overlapping Debt | $47,538,224 | |
| Ratio of Gross Direct Debt to: | | |
| Estimated Taxable Assessed Valuation as of September 23, 2026 | 12.98% | |
| Ratio of Gross Direct Debt and Estimated Overlapping Debt to: | | |
| Estimated Taxable Assessed Valuation as of September 23, 2026 | 18.85% | |
| Funds Available for Debt Service: | | |
| WSD Debt Service Fund Balance as of September 22, 2026 | $ 740,403 | |
| Road Debt Service Fund Balance as of September 22, 2026 | 295,735 | |
| Capitalized Interest from proceeds of the Bonds (Twelve (12) months) | 725,000 | (e) |
| Total Funds Available for Debt Service | $1,761,138 | |
| Funds Available for Maintenance and Operations as of September 22, 2026 | $1,186,150 | |
| Funds Available for Capital Projects as of September 22, 2026 | $ 395,159 | (f) |
| 2026 Debt Service Tax Rate | $0.405 | |
| 2026 Maintenance Tax Rate | 0.595 | |
| 2026 Total Tax Rate | $1.000 | (g) |
| Average Annual Debt Service Requirement (2027-2052) | $2,189,497 | (h) |
| Maximum Annual Debt Service Requirement (2049) | $2,338,569 | (h) |
| Tax Rate Required to Pay Average Annual Debt Service (2027-2052) at a 95% Collection Rate Based upon Estimated Taxable Assessed Valuation as of September 23, 2026 | $0.92 | (i) |
| Tax Rate Required to Pay Maximum Annual Debt Service (2049) at a 95% Collection Rate Based upon Estimated Taxable Assessed Valuation as of September 23, 2026 | $0.98 | (i) |
| Status of Development as of October 9, 2026 (j): | | |
| *Bridgeland Central*: | | |
| Total Single-Family Traditional Residential Lots | 925 | |
| Completed homes (212 homes occupied) | 212 | |
| Homes under construction or in the name of the builder | 145 | |
| Lots available for home construction | 568 | |
| *Wingspan*: | | |
| Total Single-Family Residential Rental Lots | 263 | |
| Completed homes (240 homes occupied) | 263 | |
| Estimated population | 1,582 | (k) |

(a) The 2026 Taxable Assessed Valuation shown herein includes $92,497,706 of certified value and $81,515,629 of uncertified value. The uncertified 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 September 23, 2026, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2026 and September 23, 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) The District will capitalize $725,000 of interest from proceeds of the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

(f) Represents surplus construction funds, and interest thereon, derived from the Outstanding Bonds. $60,000 of such balance will be applied towards the projects to be financed with proceeds of the Bonds at closing. 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 water, sewer and drainage bonds. The balance reflected above may be used to finance road facilities.

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

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

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

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

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

# OFFICIAL STATEMENT

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 493

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

**$14,500,000**
**UNLIMITED TAX BONDS**
**SERIES 2026**

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 493 (the "District") of its $14,500,000 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"), BL Prairieland Village SFBTR LLC, a Delaware limited liability company ("BL Prairieland Village"), the 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 September 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 $198,000,000 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 $170,645,000 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, an order of the TCEQ approving the issuance of the Bonds, and the 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, including the Bonds, or to refund such bonds ("WSD&R Bonds") from funds received to pay debt service on bonds issued to finance road facilities ("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. $725,000 of interest on the Bonds will be deposited from the proceeds from 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 BONDS PROCEEDS" for a 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 a 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 September 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2032, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon through the date fixed for redemption of such Bonds (the "Redemption Date"). If fewer than all of the Bonds are to be redeemed, the particular series and 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 series and 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 $198,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, a total of $80,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities, and a total of $69,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities. After issuance of the Bonds, $170,645,000 in principal amount of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities will remain authorized but unissued, $74,550,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities will remain authorized but unissued and $69,000,000 in 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 $133,500,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding water, sewer and drainage and recreational facilities bonds of the District and $40,000,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding road facilities 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. See "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," "—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 $198,000,000 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 $170,645,000 in principal amount of unlimited tax bonds for said improvements and facilities will remain authorized but unissued. Issuance of additional bonds for water, sewer and drainage facilities could dilute the investment security of the Bonds. 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 $69,000,000 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 of the in the plan by 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 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. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Such tax is in addition to any other maintenance tax authorized to be levied by the District. Issuance of bonds for recreational facilities could dilute the investment security of the Bonds. 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 $80,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. A total of $74,550,000 in principal amount of unlimited tax road bonds remains authorized but unissued. Issuance of additional bonds for road facilities could dilute the investment security of the Bonds.

**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 | $ | 10,896,566 |
| • Less: Surplus Construction Funds (a) | | (60,000) |
| **Total Construction Costs** | **$** | **10,836,566** |
| **NON-CONSTRUCTION COSTS** | | |
| • Underwriter's Discount (b) | $ | 434,835 |
| • Capitalized Interest (b) | | 725,000 |
| • Developer Advances | | 93,100 |
| • Developer Interest (Estimated) | | 1,661,674 |
| **Total Non-Construction Costs** | **$** | **2,914,609** |
| **ISSUANCE COSTS AND FEES** | | |
| • Issuance Costs and Professional Fees | $ | 637,910 |
| • Bond Application Report Costs | | 65,000 |
| • State Regulatory Fees | | 45,750 |
| • Contingency (b) | | 165 |
| **Total Issuance Costs and Fees** | **$** | **748,825** |
| **TOTAL BOND ISSUE** | **$** | **14,500,000** |

(a) The District will apply $60,000 of surplus construction funds to the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTICT (UNAUDITED)."

(b) The TCEQ approved a maximum amount of $725,000 of capitalized interest and maximum Underwriter's Discount of 3.00%. Contingency represents the difference between the estimated and actual amounts of Underwriter's Discount.

## 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. 491 ("MUD 491"), 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 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 August 2, 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 1,147 acres of land within its boundaries. The District consists of two non-contiguous tracts, both of which are wholly within the exclusive extraterritorial jurisdiction of the City of Houston and each located on average approximately 25 miles northwest of the central downtown business district of the City of Houston, Texas and approximately four miles south of the intersection of Texas State Highway 99 (the "Grand Parkway") and State Highway 290. Approximately 725 acres within the District (the "Eastern Tract") is located within Cypress-Fairbanks Independent School District and is bounded on the east by Mason Road, on the south by Bridgeland Creek Parkway and on the north and west by undeveloped acreage within MUD 418 and WCID 157. Approximately 200 acres within the District (the "Western Tract") is located within Waller Independent School District and is bounded on the east by undeveloped acreage, on the south by Langham Creek, on the west by a Centerpoint Energy transmission easement and MUD 492 and on the north by Bridgeland Creek Parkway and MUD 490. Approximately 220 acres within the District (the "Southern Tract") is located within Katy Independent School District and is bounded on the north by House and Hahl Road, on the west by MUD 492, on the south by John Paul Landing Park and Education Center, and on the east by the Grand Parkway. Access to the District is provided by the Grand Parkway to Bridgeland Creek Parkway. 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 |
|---|---|---|
| Bridgeland Central, Section One | 16 | 149 |
| Bridgeland Central, Section Two | 12 | 78 |
| Bridgeland Central, Section Three | 19 | 108 |
| Bridgeland Central, Section Four | 5 | 34 |
| Bridgeland Central, Section Five | 37 | 183 |
| Bridgeland Central, Section Six | 13 | 79 |
| Bridgeland Central, Section Seven | 11 | 95 |
| Bridgeland Central, Section Eight | 32 | 167 |
| Bridgeland Central, Section Nine | 4 | 32 |
| Bridgeland Build to Rent (a) | 29 | 263 |
| Subtotal | 179 | 1,188 |
| Schools (b) | 58 | -- |
| Future Development | 685 | -- |
| Non-Developable (c) | 225 | -- |
| Subtotal | 968 | -- |
| Totals | 1,147 | 1,188 |

(a) Wingspan. See "RISK FACTORS—Undeveloped Acreage, Vacant Lots and Rental Home Vacancy" and "—Rental Homes."

(b) A Waller Independent School District Elementary School has been constructed on approximately 18 acres within the District and the Cypress Christian School, a kindergarten through twelfth grade private school, has been constructed on approximately 40 acres within the District. Such schools are not subject to ad valorem taxation by the District. See "—Status of Development" herein.

(c) 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 925 single-family traditional residential lots (approximately 150 acres) in the District. As of October 9, 2026, 212 homes were complete (212 homes occupied), 145 homes were under construction or in the name of a builder, and 568 single-family residential lots were available for home construction. According to the Developer, homes in the District have a sales prices ranging from approximately $410,000 to $540,000.

BL Prairieland Village has also developed Wingspan, a build-to-rent single-family residential rental community consisting of 263 single-family residential lots on approximately 29 acres. As of October 9, 2026, all 263 rental homes were completed and 23 homes were available to lease (240 homes leased and occupied). The rental homes in Wingspan have an approximate square footage of between 600 and 1,700 square feet, and monthly rental rates for homes in Wingspan start at approximately $1,500. See "RISK FACTORS—Rental Homes." The estimated population in the District is 1,582, based upon 3.5 persons per completed and occupied home and leased rental home.

A Waller Independent School District Elementary School has been constructed on approximately 18 acres within the District and opened for the 2024-2025 school year and the Cypress Christian School, a kindergarten through twelfth grade private school, has been constructed on approximately 40 acres within the District and opened for the 2025-2026 school year. Such schools are not subject to ad valorem taxation by the District.

The remainder of the District is comprised of approximately 225 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites), and approximately 685 developable acres that have not been provided with utility service. See "—Land Use" and "—Future Development."

**Homebuilding**

Highland Homes, Brighton Homes and David Weekley Homes (the "Builders") are actively marketing and/or building homes in the District.

**Future Development**

Approximately 685 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 ($314,195,000 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 (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.

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.

**BL Prairieland Village SFBTR LLC**

BL Prairieland Village SFBTR LLC, a Delaware limited liability company ("BL Prairieland Village") has developed Wingspan, a single-family rental home community consisting of 263 lots on approximately 29 acres. BL Prairieland Village is a special purpose entity formed by HHH for the purpose of developing, owning and managing Wingspan and does not own any additional developable acreage within the District. See "TAX DATA—Principal Taxpayers" and "RISK FACTORS—Rental Homes."

**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 $198,680,000 Special Revenue Bonds, Series 2025 (Bridgeland Water and Utility Districts 418, 489 ,492 ,493 , 157 and 159) and $19,615,000 Special Revenue Bonds, Series 2026 (Bridgeland Water and Utility Districts 418, 489, 492, 493, 157 and 159) (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 |
|---|---|---|
| Burt M. Lazar | President | May 2030 |
| Tommy J. Vicknair | Vice President | May 2028 |
| Greg Garner, Jr. | Secretary | May 2028 |
| Jimmy Stewart | Assistant Secretary | May 2030 |
| Summer Roundtree | Assistant Secretary | May 2028 |

**District Consultants**

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

*Bond Counsel 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 491 and MUD 492 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 30,0000-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 MUD 491 and 1,181 equivalent single-family connections are allocated to the District. No capacity has been allocated to MUD 492 as of the date hereof. As of October 9, 2026, the District was serving 452 equivalent single-family residential connections (212 completed single-family residential homes and 240 single-family residential rental homes). 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 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. 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 MUD 491, and 1,181 equivalent single-family connections are allocated to the District. 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 1,181 equivalent single-family connections pursuant to the Master Contract. The District expects to pay the Master District for such connection charges with proceeds from the Bonds and to purchase additional capacity from the Master District in the future as necessary. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

**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 925 single-family traditional residential lots, 263 single-family residential rental lots, an elementary school and a kindergarten through twelfth grade private school. 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 678 acres of land in the District is currently located in the effective flood plain. The District is currently working on filing a Conditional Letter of Map Revision. 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.

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** | | | | |
| Property Taxes | $ 990,979 | $ 1,144,195 | $ 93,257 | $ 59,333 |
| Water Service | 123,092 | 73,480 | 47,373 | 8,843 |
| Sewer Service | 171,368 | 129,311 | 88,495 | 23,671 |
| Regional Water Authority Fee | 159,935 | 94,165 | 43,891 | 1,574 |
| Penalty and Interest | 18,055 | 37,566 | 6,747 | 703 |
| Tap Connection and Inspection Fees | 389,003 | 291,289 | 345,723 | 165,960 |
| Investment Income | 32,892 | 9,892 | 8 | - |
| Other Income | - | 2,307 | 8,870 | 26 |
| **Total Revenues** | $ 1,885,324 | $ 1,782,205 | $ 634,364 | $ 260,110 |
| **Expenditures** | | | | |
| Service Operations | | | | |
| Purchased Services | $ 204,717 | $ 165,834 | $ 46,440 | $ 7,763 |
| Regional Water Fee | 146,757 | 93,024 | 40,182 | 1,157 |
| Professional Fees | 219,692 | 161,399 | 113,148 | 92,209 |
| Contracted Services | 174,368 | 130,574 | 153,978 | 57,303 |
| Utilities | 5,291 | 2,803 | 2,950 | - |
| Repairs and Maintenance | 284,389 | 166,850 | 126,215 | 58,598 |
| Other Expenditures | 68,969 | 66,980 | 42,749 | 35,482 |
| Tap Connections | 256,540 | 184,604 | 167,818 | 191,530 |
| **Total Expenditures** | $ 1,360,723 | $ 972,068 | $ 693,480 | $ 444,042 |
| **Revenues Over (Under) Expenditures** | $ 524,601 | $ 810,137 | $ (59,116) | $ (183,932) |
| **Other Sources (Uses)** | | | | |
| Interfund Transfers In (Out) | $ 20,171 | $ - | $ - | $ - |
| Developer Advances (a) | $ - | $ - | $ 180,000 | $ 70,000 |
| **Fund Balance (Beginning of Year)** | $ 813,640 | $ 3,503 | $ (117,381) | $ (3,449) |
| **Fund Balance (End of Year)** | $ 1,358,412 | $ 813,640 | $ 3,503 | $ (117,381) |

(a) 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. The Roads financed by proceeds of the Outstanding Bonds include internal roads within Bridgeland Central, Section One, Peek Road and Prairieland Crossing. 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," "BRIDGELAND" and "RISK FACTORS—Future Debt."

## MAJOR CHANNEL AND DETENTION IMPROVEMENTS

WCID 157, WCID 158 and WCID 159 were created to construct and operate all amenity/detention facilities and major drainage and channel improvements necessary to serve the land within their respective boundaries also included within the District. The drainage facilities constructed by WCID 157, WCID 158 and WCID 159 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 "BRIDGELAND" and "RISK FACTORS—Atlas 14."

## FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

| | | |
|---|---|---|
| 2026 Taxable Assessed Valuation | $174,013,335 | (a) |
| Estimated Taxable Assessed Valuation as of September 23, 2026 | $251,856,135 | (b) |
| Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds) | $32,680,000 | (c) |
| Estimated Overlapping Debt | 14,858,224 | (d) |
| Gross Direct Debt and Estimated Overlapping Debt | $47,538,224 | |
| Ratio of Gross Direct Debt to: | | |
| Estimated Taxable Assessed Valuation as of September 23, 2026 | 12.98% | |
| Ratio of Gross Direct Debt and Estimated Overlapping Debt to: | | |
| Estimated Taxable Assessed Valuation as of September 23, 2026 | 18.85% | |
| Funds Available for Debt Service: | | |
| WSD Debt Service Fund Balance as of September 22, 2026 | $ 740,403 | |
| Road Debt Service Fund Balance as of September 22, 2026 | $ 295,735 | |
| Capitalized Interest from proceeds of the Bonds (Twelve (12) months) | 725,000 | (e) |
| Total Funds Available for Debt Service | $1,761,138 | |
| Funds Available for Maintenance and Operations as of September 22, 2026 | $1,186,150 | |
| Funds Available for Capital Projects as of September 22, 2026 | $ 395,159 | (f) |

(a) The 2026 Taxable Assessed Valuation shown herein includes $92,497,706 of certified value and $81,515,629 of uncertified value. The uncertified value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

(b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on September 23, 2026, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2026 and September 23, 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 "—Estimated Overlapping Debt," and "—Overlapping Taxes" herein and "RISK FACTORS—Overlapping Debt and Taxes."

(e) The District will capitalize $725,000 of interest from proceeds of the Bonds. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

(f) Represents surplus construction funds, and interest thereon, derived from the Outstanding 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 water, sewer and drainage bonds. The balance reflected above may be used to finance road 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 one series of unlimited tax road bonds for acquiring or constructing road facilities. The following table lists the original principal amount of such bonds and the principal amount of such bonds that are outstanding (the "Outstanding Bonds") as of the date hereof.

| Series | Original Principal Amount | Outstanding Bonds |
|---|---|---|
| 2024 (a) | $ 5,450,000 | $ 5,325,000 |
| 2025 | 12,855,000 | 12,855,000 |
| Total | $ 18,305,000 | $ 18,180,000 |

(a) Unlimited tax road bonds.

**Debt Service Requirements**

The following sets forth the debt service on the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that the District capitalized twenty-four (24) months of interest from the proceeds of the Outstanding Bonds in October 2025 and that $725,000 of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

| Year | Outstanding Bonds Debt Service Requirements | Plus: Debt Service on the Bonds | | | Debt Service Requirements |
|---|---|---|---|---|---|
| | | Principal | Interest | Total | |
| 2027 | $ 1,239,056.25 | $ - | $ 585,350.05 | $ 585,350 | $ 1,824,406.30 |
| 2028 | 1,233,056.25 | - | 760,743.75 | 760,743.75 | 1,993,800.00 |
| 2029 | 1,220,756.25 | 325,000 | 760,743.75 | 1,085,743.75 | 2,306,500.00 |
| 2030 | 1,217,481.25 | 345,000 | 736,368.75 | 1,081,368.75 | 2,298,850.00 |
| 2031 | 1,207,581.25 | 360,000 | 710,493.75 | 1,070,493.75 | 2,278,075.00 |
| 2032 | 1,208,125.00 | 380,000 | 683,493.75 | 1,063,493.75 | 2,271,618.75 |
| 2033 | 1,199,100.00 | 395,000 | 654,993.75 | 1,049,993.75 | 2,249,093.75 |
| 2034 | 1,200,700.00 | 415,000 | 634,750.00 | 1,049,750.00 | 2,250,450.00 |
| 2035 | 1,208,300.00 | 435,000 | 614,000.00 | 1,049,000.00 | 2,257,300.00 |
| 2036 | 1,209,700.00 | 460,000 | 592,250.00 | 1,052,250.00 | 2,261,950.00 |
| 2037 | 1,220,100.00 | 480,000 | 569,250.00 | 1,049,250.00 | 2,269,350.00 |
| 2038 | 1,224,100.00 | 505,000 | 545,250.00 | 1,050,250.00 | 2,274,350.00 |
| 2039 | 1,231,900.00 | 530,000 | 520,000.00 | 1,050,000.00 | 2,281,900.00 |
| 2040 | 1,242,693.75 | 555,000 | 493,500.00 | 1,048,500.00 | 2,291,193.75 |
| 2041 | 1,245,912.50 | 585,000 | 465,750.00 | 1,050,750.00 | 2,296,662.50 |
| 2042 | 1,246,987.50 | 615,000 | 436,500.00 | 1,051,500.00 | 2,298,487.50 |
| 2043 | 1,255,856.25 | 645,000 | 405,750.00 | 1,050,750.00 | 2,306,606.25 |
| 2044 | 1,257,756.25 | 675,000 | 373,500.00 | 1,048,500.00 | 2,306,256.25 |
| 2045 | 1,267,912.50 | 710,000 | 339,750.00 | 1,049,750.00 | 2,317,662.50 |
| 2046 | 1,270,875.00 | 745,000 | 304,250.00 | 1,049,250.00 | 2,320,125.00 |
| 2047 | 1,276,868.75 | 785,000 | 267,000.00 | 1,052,000.00 | 2,328,868.75 |
| 2048 | 1,285,668.75 | 825,000 | 227,750.00 | 1,052,750.00 | 2,338,418.75 |
| 2049 | 1,287,068.75 | 865,000 | 186,500.00 | 1,051,500.00 | 2,338,568.75 |
| 2050 | 901,275.00 | 910,000 | 143,250.00 | 1,053,250.00 | 1,954,525.00 |
| 2051 | 909,150.00 | 955,000 | 97,750.00 | 1,052,750.00 | 1,961,900.00 |
| 2052 | - | 1,000,000 | 50,000.00 | 1,050,000.00 | 1,050,000.00 |
| Total | $ 30,267,981.25 | $ 14,500,000 | $ 12,158,937.55 | $ 26,658,938 | $ 56,926,918.80 |

Average Annual Debt Service Requirements (2027-2052) ..... $2,189,497
Maximum Annual Debt Service Requirement (2049) ..... $2,338,569

## Estimated Overlapping Debt

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

| Taxing Jurisdiction | Outstanding Bonds | As of | Overlapping Percent | Overlapping Amount |
|---|---|---|---|---|
| Harris County (a) | $ 2,952,415,112 | 9/30/2026 | 0.019% | $ 560,959 |
| Harris County Flood Control District | 1,001,580,000 | 9/30/2026 | 0.019% | 190,300 |
| Harris County Hospital District | 1,644,825,000 | 9/30/2026 | 0.020% | 328,965 |
| Harris County Department of Education | 28,960,000 | 9/30/2026 | 0.019% | 5,502 |
| Port of Houston Authority | 386,074,397 | 9/30/2026 | 0.019% | 73,354 |
| Cypress Fairbanks Independent School District (b) | 3,264,440,000 | 9/30/2026 | 0.134% | 4,374,350 |
| Waller Independent School District (b) | 1,079,320,000 | 9/30/2026 | 0.286% | 3,086,855 |
| Katy Independent School District (b) | 2,549,225,000 | 9/30/2026 | 0.020% | 509,845 |
| Lone Star College System | 336,455,000 | 9/30/2026 | 0.025% | 84,114 |
| WCID 157 | 67,525,000 | 9/30/2026 | 1.012% | 683,353 |
| WCID 158 | 74,895,000 | 9/30/2026 | 0.593% | 444,127 |
| WCID 159 | 69,220,000 | 9/30/2026 | 6.416% | 4,441,155 |
| Total Estimated Overlapping Debt | | | | $ 14,782,880 |
| The District | 32,680,000 | (c) | 100.00% | 32,680,000 |
| Total Direct and Estimated Overlapping Debt | | | | $ 47,462,880 |

Direct and Estimated Overlapping Debt as a Percentage of:
Estimated Taxable Assessed Valuation as of September 23, 2026 of $251,856,135 ..... 18.85%

(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) Approximately 725 acres within the District are within the boundaries of Cypress-Fairbanks Independent School District, approximately 200 acres within the District are within the boundaries of Waller Independent School District and approximately 220 acres within the District are within the boundaries of Katy Independent School District.

(c) Includes the Outstanding Bonds and the 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 anticipated 2026 tax rate of the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

| | 2026 Tax Rate per $100 of Taxable Assessed Valuation |
|---|---|
| Harris County (including Harris County Flood Control District Harris County Hospital District, Harris County Department of Education and the Port of Houston Authority) | $ 0.67627 |
| Katy Independent School District (a) | 1.11710 |
| Lone Star College System (a) | 0.10580 |
| Harris County Emergency Services District No. 9 | 0.04500 |
| Harris County Water Control and Improvement District No. 158 (b) | 0.50000 |
| Total Overlapping Tax Rate | $ 2.44417 |
| The District (c) | 1.00000 |
| Total Tax Rate | $ 3.44417 |

(a) A portion of the District is within the boundaries of Waller Independent School District which levied a 2026 tax rate in the amount of $1.0528 per $100 of taxable assessed valuation. Property within the District that is within the boundaries of Waller Independent School District is not subject to taxation by Lone Star College System. A portion of the District is within the boundaries of Cypress Fairbanks Independent School District which levied a 2025 tax rate in the amount of $1.06690 per $100 of taxable assessed valuation (anticipated tax rate for 2026 is $1.1569 and Cypress Fairbanks Independent School District expects to adopt its tax rate in November 2026).

(b) A portion of the property within the District is also within the boundaries of WCID 157 and WCID 159, which levied a 2026 tax rate in the amount of $0.350 per $100 of taxable assessed valuation and $0.44 per $100 of taxable assessed valuation, respectively.

(c) 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 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 | $ 0.405 | $ 0.280 | $ - | $ - | $ - |
| Maintenance and Operations | 0.595 | 0.720 | 1.000 | 1.000 | 1.000 |
| Total | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 |

**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 September 30, 2026 (c) Amount | Percent |
|---|---|---|---|---|---|
| 2022 | $ 4,197,462 | $ 1.00 | $ 41,975 | $ 41,975 | 100.00% |
| 2023 | 26,560,718 | 1.00 | 265,607 | 265,607 | 100.00% |
| 2024 | 107,779,996 | 1.00 | 1,077,800 | 1,028,270 | 95.40% |
| 2025 | 132,535,511 | 1.00 | 1,325,355 | 1,325,098 | 99.98% |
| 2026 | 174,013,335 | 1.00 | 1,740,133 | (d) | (d) |

(a) Net valuation represents final gross appraised 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. Accurate breakdowns of the uncertified portion ($81,515,629) of the 2026 Taxable Assessed Valuation of $174,013,335, or the Estimated Taxable Assessed Valuation as of September 23, 2026 of $251,856,135, are not available.

| | Type of Property | | | Gross | Defrements | | |
|---|---|---|---|---|---|---|---|
| Tax Year | Land | Improvements | Personal Property | Assessed Valuation | and Exemptions | Uncertified Value | Taxable Assessed Valuation |
| 2022 | $ 3,706,070 | $ - | $ 4,761,125 | $ 8,467,195 | $ (4,269,733) | $ - | $ 4,197,462 |
| 2023 | 15,496,252 | 10,381,466 | 6,297,983 | 32,175,701 | (5,614,983) | - | 26,560,718 |
| 2024 | 17,626,268 | 90,507,901 | 6,405,352 | 114,539,521 | (6,759,525) | - | 107,779,996 |
| 2025 | 26,530,542 | 137,422,800 | 3,700,150 | 167,653,492 | (35,117,981) | - | 132,535,511 |
| 2026 | 36,918,336 | 57,267,708 | 3,601,167 | 97,787,211 | (5,289,505) | 81,515,629 | 174,013,335 |

**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 ($92,497,706) of the 2026 Taxable Assessed Valuation. This represents ownership as of January 1, 2026. An accurate principal taxpayer list related to the uncertified portion ($81,515,629) of the 2026 Taxable Assessed Valuation of $174,013,335, or the Estimated Taxable Assessed Valuation as of September 23, 2026 of $251,856,135, are not available.

| Taxpayer | 2026 Certified Taxable Assessed Valuation | % of 2026 Certified Taxable Assessed Valuation |
|---|---|---|
| Bridgeland Development LP (a)(b) | $ 7,927,291 | 8.57% |
| Weekley Homes LLC (b)(c) | 6,874,388 | 7.43% |
| Highland Homes - Houston LLC (b)(c) | 6,114,026 | 6.61% |
| Brightland Homes LTD (b)(c) | 5,332,246 | 5.76% |
| DRB Group Texas LLC | 1,723,986 | 1.86% |
| Individual Residence | 786,944 | 0.85% |
| Aasan Ventures LLC | 770,300 | 0.83% |
| Individual Residence | 747,863 | 0.81% |
| Individual Residence | 478,880 | 0.52% |
| Individual Residence | 476,949 | 0.52% |
| Total | $ 31,232,873 | 33.77% |

(a) See "THE DEVELOPER."
(b) See "RISK FACTORS—Dependence on Principal Taxpayers and the Developer."
(c) 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 September 23, 2026 of $251,856,135. 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) ..... $2,189,497
$0.92 Tax Rate on the Estimated Taxable Assessed Valuation as of September 23, 2026 .....$2,201,223

Maximum Annual Debt Service Requirement (2049)..... $2,338,569
$0.98 Tax Rate on the Estimated Taxable Assessed Valuation as of September 23, 2026 .....$2,344,781

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of September 23, 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; 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 210 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

There is a high concentration of ownership of taxable value in the District. The ten principal taxpayers within the District represent $31,232,873 or 33.77% of the certified portion ($92,497,706) of the 2026 Taxable Assessed Valuation of $174,013,335, which represents ownership as of January 1, 2026. The Developer represents $7,927,291 or 8.57% of the certified portion of the 2026 Taxable Assessed Valuation. 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 on a timely basis could have a material effect upon the District's ability to pay debt service on the Bonds on a current basis. See "Tax Collections Limitations and Foreclosure Remedies" in this section, "THE DEVELOPER" and "TAXING PROCEDURES—Levy and Collection of Taxes."

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

## Rental Homes

BL Prairieland Village has developed Wingspan as a build-to-rent rental home community. As a result, it is expected that title to completed lots and homes will remain in BL Prairieland Village or another entity rather than being sold to homebuilders or individual homeowners. This is expected to result in a longer-term concentration of assessed valuation in a single property owner than would ordinarily be experienced in a development where lots and homes are developed and transferred to homebuilders or individual homeowners. BL Prairieland Village, as the owner of the homes in Wingspan, is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front yards. The ability of BL Prairieland Village or the ultimate owner of the rental homes to lease the rental properties may affect their ability to maintain the properties and the taxable assessed valuation of the properties. Additionally, the failure of BL Prairieland Village or the ultimate owner of the rental homes to make full and timely payments of taxes levied against the rental home property by the District and similar taxing authorities could have a material adverse effect on the District's ability to pay debt service on the Bonds.

## 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, single-family residential rental homes, 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 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 to buy or to rent 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 and of BL Prairieland Village in the leasing of single-family residential homes are 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 and BL Prairieland Village will be implemented or, if implemented, will be successful.

**Undeveloped Acreage, Vacant Lots and Rental Home Vacancy**

There are approximately 685 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, 568 vacant lots available for home construction and 23 single-family residential rental homes that were available for leasing as of October 9, 2026. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding or rental programs. Future increases in value result primarily from the construction of homes by builders. Failure of the Developer to develop the developable land, of builders to build taxable improvements on the developed lots or of BF Prairieland Village or another ultimate owner of the rental homes to fully rent the rental homes 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.

**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 September 23, 2026 is $251,856,135. After issuance of the Bonds, the maximum annual debt service requirement will be $2,338,569 (2049), and the average annual debt service requirement will be $2,189,497 (2027-2052 inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.98 and $0.92 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 September 23, 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 of the land within the District is included within the boundaries of either WCID 157, WCID 158 or WCID 159 and is also subject to taxation by either WCID 157, WCID 158 or WCID 159. WCID 157 levied a 2026 tax rate in the amount of $0.35 per $100 of taxable assessed valuation. WCID 157 has a total of $67,525,000 in aggregate principal amount of bonds payable from ad valorem taxes that will remain outstanding as of the date hereof. WCID 158 levied a 2026 tax rate in the amount of $0.50 per $100 of taxable assessed valuation. 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 159 levied a 2026 tax rate in the amount of $0.44 per $100 of taxable assessed valuation. WCID 159 has a total of $69,220,000 in aggregate principal amount of bonds payable from ad valorem taxes that remain outstanding as of the date hereof. The District's anticipated 2026 tax rate of $1.00 per $100 of taxable assessed valuation, in combination with the 2026 tax rates of WCID 157, WCID 158 or WCID 159 is $1.35 per $100 of taxable assessed valuation, $1.50 per $100 of taxable assessed valuation, and $1.44 per $100 of taxable assessed valuation, respectively.

The District cannot represent whether any of the development planned or occurring in WCID 157, WCID 158 or WCID 159 will be successful or whether the appraised valuation of the land located within WCID 157, WCID 158 or WCID 159 will justify continued payment of the taxes by property owners. An increase in WCID 157's, WCID 158's or WCID 159'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 157, WCID 158, WCID 159 and the District.

The tax rate that may be required to service debt on any bonds issued by the District or WCID 157, WCID 158 or WCID 159 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. The District's anticipated 2026 tax rate of $1.00 per $100 of taxable assessed valuation, in combination with the 2026 tax rates of WCID 157, WCID 158 or WCID 159 is $1.35 per $100 of taxable assessed valuation, $1.50 per $100 of taxable assessed valuation, and $1.44 per $100 of taxable assessed valuation, respectively, is higher than the tax rate of many utility districts in the Houston metropolitan area, although such combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Harris County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to $1.50 per $100 of taxable assessed valuation. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District in combination with WCID 157, WCID 158 or WCID 159. The current combined tax rate of the District and WCID 157, WCID 158 or WCID 159 is consistent with the rules of the TCEQ. If the total combined tax rate of the District and WCID 157, WCID 158 or WCID 159 should ever exceed $1.50 per $100 of taxable assessed valuation, the District and WCID 157, WCID 158 or WCID 159 could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See "—Possible Impact on District Tax Rates" herein, and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt" and "—Overlapping Taxes."

Voters within the Bridgeland Management District ("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 the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

**Specific Flood Type Risks**

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

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

**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 $198,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, a total of $80,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities, and a total of $69,000,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing park and recreational facilities. After issuance of the Bonds, $170,645,000 in principal amount of unlimited tax bonds for acquiring or constructing water, sewer and drainage facilities will remain authorized but unissued, $74,550,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities will remain authorized but unissued and $69,000,000 in 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 $133,500,000 in principal amount of unlimited tax refunding bonds for the purpose of

refunding outstanding water, sewer and drainage and recreational facilities bonds of the District and $40,000,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding road facilities 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 acquiring or constructing 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 acquiring or constructing 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 $23,785,150 plus interest for advances made for the engineering and construction of water, sewer and drainage facilities and road facilities, and approximately $1,670,730 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 685 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 District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

*Air Quality Issues:* Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the 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.

**Risk Factors Related to the Purchase of Municipal Bond Insurance**

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the 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 Underwriters 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") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

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

# MUNICIPAL BOND INSURANCE

## Bond Insurance Policy

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

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

## Build America Mutual Assurance Company

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

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

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

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

*Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 million, respectively.

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

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

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

*Additional Information Available from BAM*

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

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

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

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

## PREPARATION OF OFFICIAL STATEMENT

### Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the 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 information to be updated which will be provided with respect to the Developer is found in "THE DEVELOPER" and "TAX DATA—Principal Taxpayers." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2027.

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.

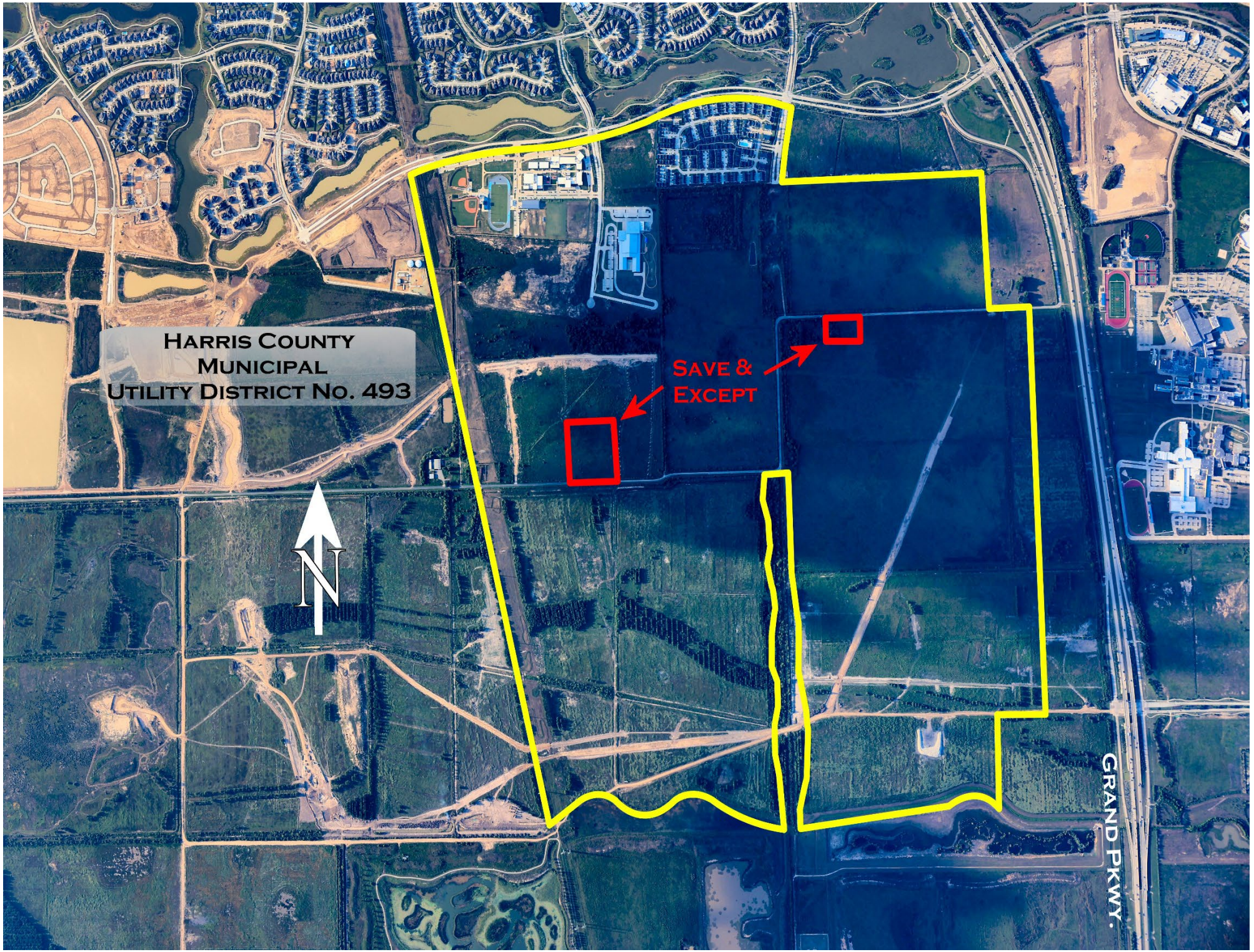
/s/ Burt M. Lazar
President, Board of Directors

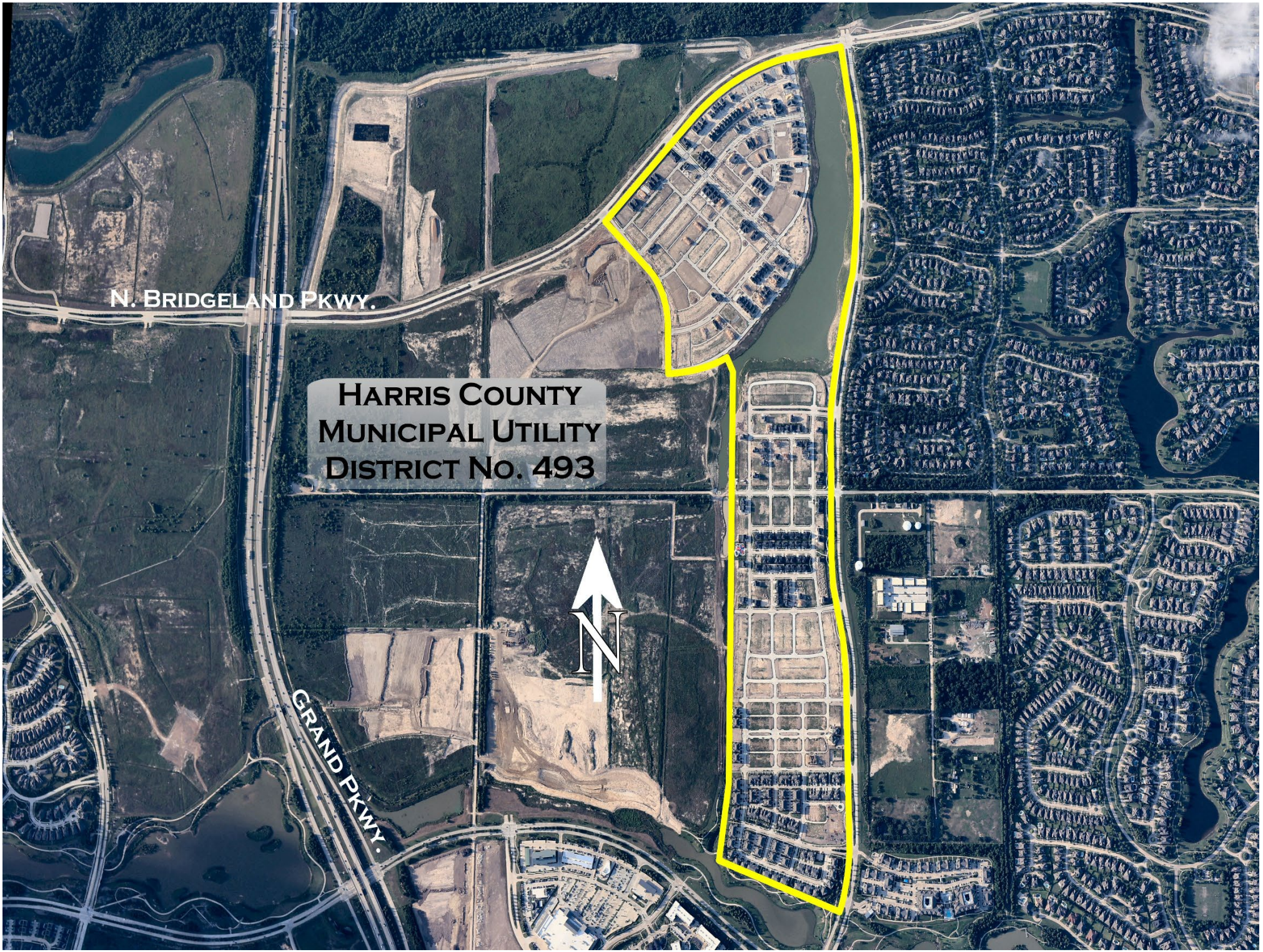
ATTEST:

/s/ Greg Garner, Jr.
Secretary, Board of Directors

**AERIAL LOCATION MAP**

**(Approximate boundaries as of July 2026)**


HARRIS COUNTY
MUNICIPAL
UTILITY DISTRICT NO. 493
SAVE &
EXCEPT
N
GRAND PKWY.


N. Bridgeland Pkwy.
Harris County
Municipal Utility
District No. 493
N
Grand Pkwy.

**PHOTOGRAPHS OF THE DISTRICT**

**(Taken July 2026)**
















HIGHLAND
AVAILABLE
346-438-6690
SOLD
TXC 1226


WINGSPAN
FIRE LANE







# 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. 493 and certain supplemental information for the fiscal year ended May 31, 2026.

# Harris County Municipal Utility District No. 493

## Harris County, Texas

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

May 31, 2026

**Harris County Municipal Utility District No. 493**
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**May 31, 2026**


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# Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 493
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. 493 (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 schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## *Supplementary Information*

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

Forvis Mazars, LLP

**Houston, Texas**
**October 13, 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 | $ 3,634,072 | $ 1,767,389 |
| Capital assets | 20,108,019 | 6,117,701 |
| Total assets | $ 23,742,091 | $ 7,885,090 |
| Long-term liabilities | $ 51,889,008 | $ 12,281,790 |
| Other liabilities | 453,229 | 233,449 |
| Total liabilities | 52,342,237 | 12,515,239 |
| Net position | | |
| Net investment in capital assets | (12,783,605) | (696,538) |
| Restricted | 231,839 | 8,837 |
| Unrestricted | (16,048,380) | (3,942,448) |
| Total net position | $ (28,600,146) | $ (4,630,149) |

The total net position of the District decreased by $23,969,997, or about 518%. 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Changes in Net Position**

| | 2026 | 2025 |
|---|---|---|
| Revenues | | |
| Property taxes | $ 1,373,209 | $ 1,195,283 |
| Charges for services | 454,395 | 296,956 |
| Other revenues | 538,937 | 374,292 |
| Total revenues | 2,366,541 | 1,866,531 |
| Expenses | | |
| Services | 1,454,717 | 985,965 |
| Conveyance of capital assets | 12,728,811 | 1,711,090 |
| Connection fees | 10,351,173 | - |
| Depreciation | 462,689 | 141,511 |
| Debt service | 1,339,148 | 469,265 |
| Total expenses | 26,336,538 | 3,307,831 |
| Change in net position | (23,969,997) | (1,441,300) |
| Net position, beginning of year | (4,630,149) | (3,188,849) |
| Net position, end of year | $ (28,600,146) | $ (4,630,149) |

## *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 $3,303,258, an increase of $1,760,146 from the prior year.

The general fund's fund balance increased by $544,772 primarily due to property taxes and service revenues exceeding service operation expenditures. In addition, tap connection and inspection fees revenues exceeded the related tap connection fees expenditures.

The debt service fund's fund balance increased by $1,135,786 primarily due to proceeds from the sale of bonds and property taxes revenues exceeding bond interest requirements.

The capital projects fund's fund balance increased by $79,588 primarily due to net proceeds from the sale of bonds exceeding capital outlay expenditures and debt issuance costs.

## *General Fund Budgetary Highlights*

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to professional fees and repairs and maintenance expenditures being greater than anticipated, as well as regional water fee revenues and related expenditures and tap connection and inspection fee revenues and related expenditures being less than anticipated. In addition, an interfund transfer in from the debt service fund was not included in the current year budget. The fund balance as of May 31, 2026 was expected to be $1,480,780, and the actual end-of-year fund balance was $1,358,412.

## *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 | $ 4,878,518 | $ 1,489,802 |
| Wastewater facilities | 4,922,800 | 1,866,254 |
| Drainage facilities | 10,306,701 | 2,761,645 |
| Total capital assets | $ 20,108,019 | $ 6,117,701 |

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

| | |
|---|---|
| Water, wastewater, and drainage facilities for Bridgeland Central, Sections 2, 3, 5, and 8 and Prairieland Crossing Street Dedication, Section 2 | $ 14,453,007 |

The developer within the District has constructed water, wastewater, drainage, recreational, and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission, as and if such approval is required by law. As of May 31, 2026, a liability for developer-constructed capital assets of $33,549,796 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 | $ 12,281,790 |
| Increases in long-term debt | 39,651,168 |
| Decreases in long-term debt | (43,950) |
| Long-term debt payable, end of year | $ 51,889,008 |

At May 31, 2026, the District had $185,145,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District; $74,550,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads; and $69,000,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing park and recreational facilities.

The District's bonds are not rated. The Series 2025 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

## *Other Relevant Factors*

### *Relationship to the City of Houston*

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. Effective December 1, 2017, prior to annexation, the City would be required to hold an election in the District whereby the qualified voters of the District would approve

the annexation. 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.

### *Economic Dependency*

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

Since inception, the developers have advanced $569,800 to the District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

### *Contingencies*

The developer of the District is constructing water, wastewater, drainage, recreational, and road facilities to serve 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, as and if such approval is required by law. The District's engineer has stated that current construction amounts are approximately $31,120,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

## Harris County Municipal Utility District No. 493
## 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 | $ 168,301 | $ 73,277 | $ 270 | $ 241,848 | $ - | $ 241,848 |
| Short-term investments | 1,238,073 | 1,569,751 | 400,131 | 3,207,955 | - | 3,207,955 |
| Receivables | | | | | | |
| Property taxes | 62,746 | 6,490 | - | 69,236 | - | 69,236 |
| Service accounts | 10,684 | - | - | 10,684 | - | 10,684 |
| Prepaid expenditures | 5,057 | - | - | 5,057 | - | 5,057 |
| Accrued penalty and interest | - | - | - | - | 20,066 | 20,066 |
| Due from others | 2,712 | - | - | 2,712 | - | 2,712 |
| Operating reserves | 76,514 | - | - | 76,514 | - | 76,514 |
| Interfund receivable | 98,310 | - | - | 98,310 | (98,310) | - |
| Capital assets (net of accumulated depreciation), Infrastructure | - | - | - | - | 20,108,019 | 20,108,019 |
| **Total Assets** | $ 1,662,397 | $ 1,649,518 | $ 400,401 | $ 3,712,316 | $ 20,029,775 | $ 23,742,091 |

## Harris County Municipal Utility District No. 493
## Statement of Net Position and Governmental Funds Balance Sheet
## May 31, 2026 (Continued)

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Accounts payable | $ 177,528 | $ 63 | $ 210 | $ 177,801 | $ - | $ 177,801 |
| Accrued interest payable | - | - | - | - | 211,717 | 211,717 |
| Customer deposits | 45,620 | - | - | 45,620 | - | 45,620 |
| Unearned tap connection fees | 17,524 | - | - | 17,524 | - | 17,524 |
| Due to others | 567 | - | - | 567 | - | 567 |
| Interfund payable | - | 98,310 | - | 98,310 | (98,310) | - |
| Long-term liabilities | | | | | | |
| Due within one year | - | - | - | - | 125,000 | 125,000 |
| Due after one year | - | - | - | - | 51,764,008 | 51,764,008 |
| **Total Liabilities** | 241,239 | 98,373 | 210 | 339,822 | 52,002,415 | 52,342,237 |
| **Deferred Inflows of Resources** | | | | | | |
| Deferred property tax revenues | 62,746 | 6,490 | - | 69,236 | (69,236) | - |
| **Fund Balances/Net Position** | | | | | | |
| Fund balances | | | | | | |
| Nonspendable, prepaid expenditures | 5,057 | - | - | 5,057 | (5,057) | - |
| Restricted | | | | | | |
| Unlimited tax bonds | - | 1,009,395 | - | 1,009,395 | (1,009,395) | - |
| Unlimited tax road bonds | | 535,260 | | 535,260 | (535,260) | |
| Water, sewer, and drainage | - | - | 97,368 | 97,368 | (97,368) | - |
| Road | - | - | 302,823 | 302,823 | (302,823) | - |
| Assigned, operating reserves | 76,514 | - | - | 76,514 | (76,514) | - |
| Unassigned | 1,276,841 | - | - | 1,276,841 | (1,276,841) | - |
| Total fund balances | 1,358,412 | 1,544,655 | 400,191 | 3,303,258 | (3,303,258) | - |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances** | $ 1,662,397 | $ 1,649,518 | $ 400,401 | $ 3,712,316 | | |
| Net position | | | | | | |
| Net investment in capital assets | | | | | (12,783,605) | (12,783,605) |
| Restricted for debt service | | | | | 195,040 | 195,040 |
| Restricted for capital projects | | | | | 36,799 | 36,799 |
| Unrestricted | | | | | (16,048,380) | (16,048,380) |
| Total net position | | | | | $(28,600,146) | $(28,600,146) |

# Harris County Municipal Utility District No. 493
## 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 | $ 990,979 | $ 364,609 | $ - | $ 1,355,588 | $ 17,621 | $ 1,373,209 |
| Water service | 123,092 | - | - | 123,092 | - | 123,092 |
| Sewer service | 171,368 | - | - | 171,368 | - | 171,368 |
| Regional water fee | 159,935 | - | - | 159,935 | - | 159,935 |
| Penalty and interest | 18,055 | 21,083 | - | 39,138 | 8,195 | 47,333 |
| Tap connection and inspection fees | 389,003 | - | - | 389,003 | - | 389,003 |
| Investment income | 32,892 | 41,537 | 28,172 | 102,601 | - | 102,601 |
| **Total Revenues** | 1,885,324 | 427,229 | 28,172 | 2,340,725 | 25,816 | 2,366,541 |
| **Expenditures/Expenses** | | | | | | |
| Service operations | | | | | | |
| Purchased services | 204,717 | - | - | 204,717 | - | 204,717 |
| Regional water fee | 146,757 | - | - | 146,757 | - | 146,757 |
| Professional fees | 219,692 | - | - | 219,692 | 54,476 | 274,168 |
| Contracted services | 174,368 | 21,549 | - | 195,917 | 705 | 196,622 |
| Utilities | 5,291 | - | - | 5,291 | - | 5,291 |
| Repairs and maintenance | 284,389 | - | - | 284,389 | - | 284,389 |
| Other expenditures | 68,969 | 17,054 | 210 | 86,233 | - | 86,233 |
| Tap connections | 256,540 | - | - | 256,540 | - | 256,540 |
| Capital outlay | - | - | 10,431,660 | 10,431,660 | (10,431,660) | - |
| Conveyance of capital assets | - | - | - | - | 12,728,811 | 12,728,811 |
| Connection fees | - | - | - | - | 10,351,173 | 10,351,173 |
| Depreciation | - | - | - | - | 462,689 | 462,689 |
| Debt service | | | | | | |
| Interest and fees | - | 445,144 | - | 445,144 | 174,892 | 620,036 |
| Debt issuance costs | - | - | 719,112 | 719,112 | - | 719,112 |
| **Total Expenditures/Expenses** | 1,360,723 | 483,747 | 11,150,982 | 12,995,452 | 13,341,086 | 26,336,538 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 524,601 | (56,518) | (11,122,810) | (10,654,727) | (13,315,270) | |
| **Other Financing Sources (Uses)** | | | | | | |
| Interfund transfers in (out) | 20,171 | (20,171) | - | - | - | |
| Repayment of developer advances | - | - | (54,477) | (54,477) | 54,477 | |
| General obligation bonds issued | - | 1,212,475 | 11,642,525 | 12,855,000 | (12,855,000) | |
| Discount on debt issued | - | - | (385,650) | (385,650) | 385,650 | |
| **Total Other Financing Sources** | 20,171 | 1,192,304 | 11,202,398 | 12,414,873 | (12,414,873) | |
| **Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 544,772 | 1,135,786 | 79,588 | 1,760,146 | (1,760,146) | |
| **Change in Net Position** | | | | | (23,969,997) | (23,969,997) |
| **Fund Balances/Net Position** | | | | | | |
| Beginning of year | 813,640 | 408,869 | 320,603 | 1,543,112 | - | (4,630,149) |
| End of year | $ 1,358,412 | $ 1,544,655 | $ 400,191 | $ 3,303,258 | $ - | $ (28,600,146) |

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

Harris County Municipal Utility District No. 493 (District) was created by an order of the Texas Commission on Environmental Quality (Commission), effective August 2, 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 accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

### *Government-Wide and Fund Financial Statements*

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

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

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

The District presents the following major governmental funds:

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

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

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

## *Fund Balances – Governmental Funds*

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

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

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

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

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

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

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

## *Measurement Focus and Basis of Accounting*

### *Government-Wide Financial Statements*

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

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

***Fund Financial Statements***

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

## *Deferred Outflows and Inflows of Resources*

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

## *Interfund Transactions*

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

## *Pension Costs*

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

## *Use of Estimates*

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

## *Investments and Investment Income*

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

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

## *Property Taxes*

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. 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. | $ 20,108,019 |
| Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements. | 69,236 |
| Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds. | 20,066 |
| Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds. | (211,717) |
| Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements. | (51,889,008) |
| Adjustment to fund balances to arrive at net position. | $ (31,903,404) |

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

| | |
|---|---|
| Change in fund balances. | $ 1,760,146 |
| 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 conveyance of capital assets, connection fees, depreciation expense, and noncapitalized costs exceeded capital outlay expenditures in the current period. | (13,166,194) |
| 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. | 54,477 |
| Governmental funds report proceeds from the sales of bonds because they provide current financial resources to governmental funds. These transactions, however, do not have any effect on net position. | (12,855,000) |

| | | |
|---|---|---|
| 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. | $ | 385,650 |
| 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. | | 25,816 |
| 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. | | (174,892) |
| Change in net position of governmental activities. | $ | (23,969,997) |

## 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 investment 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 | $ 3,207,955 | $ 3,207,955 | $ - | $ - | $ - |

**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.

### *Summary of Carrying Values*

The carrying values of deposits and investments shown previously are included in the balance sheet at May 31, 2026 as follows:

| | |
|---|---|
| Carrying value | |
| Deposits | $ 241,848 |
| Investments | 3,207,955 |
| Total | $ 3,449,803 |

### *Investment Income*

Investment income of $102,601 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 $3,207,955 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 below:

| Governmental Activities | Balances, Beginning of Year | Additions | Balances, End of Year |
|---|---|---|---|
| Capital assets, depreciable | | | |
| Water production and distribution facilities | $ 1,547,567 | $ 3,500,904 | $ 5,048,471 |
| Wastewater collection and treatment facilities | 1,938,567 | 3,170,072 | 5,108,639 |
| Drainage facilities | 2,881,844 | 7,782,031 | 10,663,875 |
| Total capital assets, depreciable | 6,367,978 | 14,453,007 | 20,820,985 |

| Governmental Activities (Continued) | Balances, Beginning of Year | Additions | Balances, End of Year |
|---|---|---|---|
| Less accumulated depreciation | | | |
| Water production and distribution facilities | $ (57,765) | $ (112,188) | $ (169,953) |
| Wastewater collection and treatment facilities | (72,313) | (113,526) | (185,839) |
| Drainage facilities | (120,199) | (236,975) | (357,174) |
| Total accumulated depreciation | (250,277) | (462,689) | (712,966) |
| Total governmental activities, net | $ 6,117,701 | $ 13,990,318 | $ 20,108,019 |

## 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 | $ 5,450,000 | $ 12,855,000 | $ - | $ 18,305,000 | $ 125,000 |
| Less discounts on bonds | 160,465 | 385,650 | 10,527 | 535,588 | - |
| | 5,289,535 | 12,469,350 | (10,527) | 17,769,412 | 125,000 |
| Due to developer, advances | 624,277 | - | 54,477 | 569,800 | - |
| Due to developer, construction | 6,367,978 | 27,181,818 | - | 33,549,796 | - |
| Total governmental activities long-term liabilities | $ 12,281,790 | $ 39,651,168 | $ 43,950 | $ 51,889,008 | $ 125,000 |

### *General Obligation Bonds*

| | Road Series 2024 | Series 2025 |
|---|---|---|
| Amounts outstanding, May 31, 2026 | $5,450,000 | $12,855,000 |
| Interest rates | 4.00% to 6.50% | 4.00% to 6.50% |
| Maturity dates, serially beginning/ending | September 1, 2026/2049 | September 1, 2027/2051 |
| Interest payment dates | September 1/March 1 | September 1/March 1 |
| Callable dates* | September 1, 2030 | September 1, 2031 |

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

### *Annual Debt Service Requirements*

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

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ 125,000 | $ 842,963 | $ 967,963 |
| 2028 | 400,000 | 826,057 | 1,226,057 |
| 2029 | 420,000 | 799,406 | 1,219,406 |
| 2030 | 435,000 | 771,619 | 1,206,619 |
| 2031 | 460,000 | 742,532 | 1,202,532 |
| 2032–2036 | 2,670,000 | 3,287,369 | 5,957,369 |
| 2037–2041 | 3,415,000 | 2,644,101 | 6,059,101 |
| 2042–2046 | 4,355,000 | 1,824,403 | 6,179,403 |
| 2047–2051 | 5,155,000 | 753,391 | 5,908,391 |
| 2052 | 870,000 | 19,575 | 889,575 |
| Total | $ 18,305,000 | $ 12,511,416 | $ 30,816,416 |

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 | $ 198,000,000 |
| Recreational facilities | 69,000,000 |
| Road facilities | 80,000,000 |
| Bonds sold | |
| Water, sewer, and drainage facilities | 12,855,000 |
| Road facilities | 5,450,000 |
| Refunding bonds voted | |
| Water, sewer, drainage, or recreational facilities bonds | 133,500,000 |
| Road facilities bonds | 40,000,000 |

### *Due to Developer*

The developer of the District has constructed water, wastewater, drainage, recreational, and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission, as and if such approval is required by law. As of May 31, 2026, a liability for developer-constructed capital assets of $33,549,796 was recorded 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 the rate of $0.2800 per $100 of assessed valuation, which resulted in a tax levy of $371,099 on the taxable valuation of $132,535,511 for the 2025 tax year. The interest and principal requirements to be paid from the tax revenues and available resources for road bonds are $365,631, of which $120,315 has been paid and $245,316 is due September 1, 2026. The interest requirements to be paid from the tax revenues and available resources for utility bonds are $506,882, of which $203,763 has been paid and $303,119 is due September 1, 2026.

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

| | | |
|---|---|---|
| Bond interest reserve, beginning of year | $ | 396,373 |
| Additions – Series 2025 | | 1,212,475 |
| Deductions – Appropriation from bond interest paid | | |
| Road Series 2024 | | 240,631 |
| Series 2025 | | 203,763 |
| Bond interest reserve, end of year | $ | 1,164,454 |

## 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 $0.7200 per $100 of assessed valuation, which resulted in a tax levy of $954,255 on the taxable valuation of $132,535,511 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 Other Districts

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 purchased water and sewer connections totaling $10,351,173. 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 $213,577 for water supply and $101,145 for wastewater services. In addition, the District has contributed $50,977 for its share of the

water supply reserve and $20,183 for 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, 491, and 492 (Districts), as well as Harris County Water Control and Improvement District Nos. 158 and 159 (WCIDs), which created the Bridgeland Water Agency (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 $36,752 and has contributed $5,354 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 which exceeded coverage amounts in the past three fiscal years.

## Note 9. Economic Dependency

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

Since inception, the developers have advanced $569,800 to the District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

## Note 10. Contingencies

The developer of the District is constructing water, wastewater, drainage, recreational, and road facilities to serve 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, as and if such approval is required by law. The District's engineer has stated that current construction amounts are approximately $31,120,000. 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. 493**
**Budgetary Comparison Schedule – General Fund**
**Year Ended May 31, 2026**

| | Original Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ 998,410 | $ 990,979 | $ (7,431) |
| Water service | 105,000 | 123,092 | 18,092 |
| Sewer service | 190,000 | 171,368 | (18,632) |
| Regional water fee | 225,000 | 159,935 | (65,065) |
| Penalty and interest | 17,000 | 18,055 | 1,055 |
| Tap connection and inspection fees | 490,000 | 389,003 | (100,997) |
| Investment income | 34,200 | 32,892 | (1,308) |
| **Total Revenues** | 2,059,610 | 1,885,324 | (174,286) |
| **Expenditures** | | | |
| Service operations | | | |
| Purchased services | 198,155 | 204,717 | (6,562) |
| Regional water fee | 225,000 | 146,757 | 78,243 |
| Professional fees | 167,000 | 219,692 | (52,692) |
| Contracted services | 164,246 | 174,368 | (10,122) |
| Utilities | 3,200 | 5,291 | (2,091) |
| Repairs and maintenance | 161,300 | 284,389 | (123,089) |
| Other expenditures | 73,569 | 68,969 | 4,600 |
| Tap connections | 400,000 | 256,540 | 143,460 |
| **Total Expenditures** | 1,392,470 | 1,360,723 | 31,747 |
| **Excess of Revenues Over Expenditures** | 667,140 | 524,601 | (142,539) |
| **Other Financing Sources** | | | |
| Interfund transfer in | - | 20,171 | 20,171 |
| **Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 667,140 | 544,772 | (122,368) |
| **Fund Balance, Beginning of Year** | 813,640 | 813,640 | - |
| **Fund Balance, End of Year** | $ 1,480,780 | $ 1,358,412 | $ (122,368) |

### *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. 493**
**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 11–21

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-Term Bonded Debt

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

[X] Board Members, Key Personnel, and Consultants

**Harris County Municipal Utility District No. 493**
**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" | 128 | 128 | x1.0 | 128 |
| 1" | 194 | 192 | x2.5 | 480 |
| 1 1/2" | 20 | 20 | x5.0 | 100 |
| 2" | 24 | 24 | x8.0 | 192 |
| 3" | 2 | 2 | x15.0 | 30 |
| 4" | 1 | 1 | x25.0 | 25 |
| 6" | 2 | 2 | x50.0 | 100 |
| 8" | 2 | 2 | x80.0 | 160 |
| 10" | - | - | x115.0 | - |
| Total water | 373 | 371 | | 1,215 |
| Total wastewater | 341 | 341 | x1.0 | 341 |

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

| | |
|---|---|
| Gallons pumped into the system: | 36,537 |
| Gallons billed to customers: | 36,537 |
| Water accountability ratio (gallons billed/gallons pumped): | 100.00% |

*"ESFC" means equivalent single-family connections

**Harris County Municipal Utility District No. 493**
**Schedule of General Fund Expenditures**
**Year Ended May 31, 2026**

| | | |
|---|---|---|
| **Personnel (including benefits)** | | $ - |
| **Professional Fees** | | |
| Auditing | $ 18,700 | |
| Legal | 106,864 | |
| Engineering | 94,128 | |
| Financial advisor | - | 219,692 |
| **Purchased Services for Resale** | | |
| Bulk water and wastewater service purchases | | 204,717 |
| **Regional Water Fee** | | 146,757 |
| **Contracted Services** | | |
| Bookkeeping | 52,161 | |
| General manager | - | |
| Appraisal district | - | |
| Tax collector | - | |
| Security | - | |
| Other contracted services | 72,861 | 125,022 |
| **Utilities** | | 5,291 |
| **Repairs and Maintenance** | | 284,389 |
| **Administrative Expenditures** | | |
| Directors' fees | 14,144 | |
| Office supplies | 6,038 | |
| Insurance | 3,687 | |
| Other administrative expenditures | 45,100 | 68,969 |
| **Capital Outlay** | | |
| Capitalized assets | - | |
| Expenditures not capitalized | - | - |
| **Tap Connection Expenditures** | | 256,540 |
| **Solid Waste Disposal** | | 49,346 |
| **Fire Fighting** | | - |
| **Parks and Recreation** | | - |
| **Other Expenditures** | | - |
| **Total Expenditures** | | $ 1,360,723 |

**Harris County Municipal Utility District No. 493**
**Schedule of Temporary Investments**
**May 31, 2026**

| | Interest Rate | Maturity Date | Face Amount | Accrued Interest Receivable |
|---|---|---|---|---|
| **General Fund** | | | | |
| Texas CLASS | 3.77% | Demand | $ 1,238,073 | $ - |
| **Debt Service Fund** | | | | |
| Texas CLASS | 3.77% | Demand | 535,260 | - |
| Texas CLASS | 3.77% | Demand | 1,034,491 | - |
| | | | 1,569,751 | - |
| **Capital Projects Fund** | | | | |
| Texas CLASS | 3.77% | Demand | 97,308 | - |
| Texas CLASS | 3.77% | Demand | 302,823 | - |
| | | | 400,131 | - |
| **Totals** | | | $ 3,207,955 | $ - |

**Harris County Municipal Utility District No. 493**
**Analysis of Taxes Levied and Receivable**
**Year Ended May 31, 2026**

| | | Maintenance Taxes | Debt Service Taxes |
|---|---|---|---|
| **Receivable, Beginning of Year** | | $ 51,615 | $ - |
| Additions and corrections to prior years' taxes | | 47,855 | - |
| **Adjusted Receivable, Beginning of Year** | | 99,470 | - |
| **2025 Original Tax Levy** | | 880,455 | 342,399 |
| Additions and corrections | | 73,800 | 28,700 |
| Adjusted tax levy | | 954,255 | 371,099 |
| **Total to Be accounted for** | | 1,053,725 | 371,099 |
| Tax collections: | Current year | (937,566) | (364,609) |
| | Prior years | (53,413) | - |
| **Receivable, End of Year** | | $ 62,746 | $ 6,490 |
| **Receivable, by Years** | | | |
| 2025 | | $ 16,689 | $ 6,490 |
| 2024 | | 46,057 | - |
| **Receivable, End of Year** | | $ 62,746 | $ 6,490 |

## Harris County Municipal Utility District No. 493
## Analysis of Taxes Levied and Receivable
## Year Ended May 31, 2026 (Continued)

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| **Property Valuations** | | | | |
| Land | $ 29,617,526 | $ 17,546,299 | $ 16,566,091 | $ 4,620,416 |
| Improvements | 137,422,800 | 86,165,241 | 10,381,466 | - |
| Personal property | 613,166 | 144,946 | 37,577 | - |
| Exemptions | (35,117,981) | (1,510,526) | (424,416) | (422,954) |
| **Total Property Valuations** | $ 132,535,511 | $ 102,345,960 | $ 26,560,718 | $ 4,197,462 |
| **Tax Rates per $100 Valuation** | | | | |
| Debt service tax rates | $ 0.2800 | $ - | $ - | $ - |
| Maintenance tax rates* | 0.7200 | 1.0000 | 1.0000 | 1.0000 |
| **Total Tax Rates per $100 Valuation** | $ 1.0000 | $ 1.0000 | $ 1.0000 | $ 1.0000 |
| **Tax Levy** | $ 1,325,354 | $ 1,023,459 | $ 265,607 | $ 41,975 |
| **Percent of Taxes Collected to Taxes Levied**** | 98% | 95% | 100% | 100% |

*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. 493**
**Schedule of Long-Term Debt Service Requirements by Years**
**May 31, 2026**

| Due During Fiscal Years Ending May 31 | Road Series 2024 Principal Due September 1 | Road Series 2024 Interest Due September 1, March 1 | Road Series 2024 Total |
|---|---|---|---|
| 2027 | $ 125,000 | $ 236,725 | $ 361,725 |
| 2028 | 130,000 | 228,594 | 358,594 |
| 2029 | 135,000 | 219,981 | 354,981 |
| 2030 | 140,000 | 211,044 | 351,044 |
| 2031 | 150,000 | 201,619 | 351,619 |
| 2032 | 155,000 | 192,578 | 347,578 |
| 2033 | 165,000 | 185,113 | 350,113 |
| 2034 | 170,000 | 178,413 | 348,413 |
| 2035 | 180,000 | 171,413 | 351,413 |
| 2036 | 190,000 | 164,013 | 354,013 |
| 2037 | 200,000 | 156,213 | 356,213 |
| 2038 | 210,000 | 148,013 | 358,013 |
| 2039 | 220,000 | 139,413 | 359,413 |
| 2040 | 230,000 | 130,413 | 360,413 |
| 2041 | 245,000 | 120,759 | 365,759 |
| 2042 | 255,000 | 110,447 | 365,447 |
| 2043 | 265,000 | 99,721 | 364,721 |
| 2044 | 280,000 | 88,481 | 368,481 |
| 2045 | 295,000 | 76,621 | 371,621 |
| 2046 | 310,000 | 64,143 | 374,143 |
| 2047 | 325,000 | 51,046 | 376,046 |
| 2048 | 340,000 | 37,331 | 377,331 |
| 2049 | 360,000 | 22,894 | 382,894 |
| 2050 | 375,000 | 7,734 | 382,734 |
| Totals | $ 5,450,000 | $ 3,242,722 | $ 8,692,722 |

**Harris County Municipal Utility District No. 493**
**Schedule of Long-Term Debt Service Requirements by Years**
**May 31, 2026** **(Continued)**

| Due During Fiscal Years Ending May 31 | Series 2025 Principal Due September 1 | Series 2025 Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2027 | $ - | $ 606,238 | $ 606,238 |
| 2028 | 270,000 | 597,463 | 867,463 |
| 2029 | 285,000 | 579,425 | 864,425 |
| 2030 | 295,000 | 560,575 | 855,575 |
| 2031 | 310,000 | 540,913 | 850,913 |
| 2032 | 325,000 | 520,275 | 845,275 |
| 2033 | 345,000 | 498,500 | 843,500 |
| 2034 | 360,000 | 476,488 | 836,488 |
| 2035 | 380,000 | 458,088 | 838,088 |
| 2036 | 400,000 | 442,488 | 842,488 |
| 2037 | 415,000 | 426,188 | 841,188 |
| 2038 | 440,000 | 409,088 | 849,088 |
| 2039 | 460,000 | 391,087 | 851,087 |
| 2040 | 485,000 | 371,884 | 856,884 |
| 2041 | 510,000 | 351,043 | 861,043 |
| 2042 | 535,000 | 328,503 | 863,503 |
| 2043 | 560,000 | 304,200 | 864,200 |
| 2044 | 590,000 | 278,325 | 868,325 |
| 2045 | 615,000 | 251,212 | 866,212 |
| 2046 | 650,000 | 222,750 | 872,750 |
| 2047 | 680,000 | 192,825 | 872,825 |
| 2048 | 715,000 | 161,437 | 876,437 |
| 2049 | 750,000 | 128,475 | 878,475 |
| 2050 | 785,000 | 93,937 | 878,937 |
| 2051 | 825,000 | 57,712 | 882,712 |
| 2052 | 870,000 | 19,575 | 889,575 |
| Totals | $ 12,855,000 | $ 9,268,694 | $ 22,123,694 |

**Harris County Municipal Utility District No. 493**
**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 | $ 125,000 | $ 842,963 | $ 967,963 |
| 2028 | 400,000 | 826,057 | 1,226,057 |
| 2029 | 420,000 | 799,406 | 1,219,406 |
| 2030 | 435,000 | 771,619 | 1,206,619 |
| 2031 | 460,000 | 742,532 | 1,202,532 |
| 2032 | 480,000 | 712,853 | 1,192,853 |
| 2033 | 510,000 | 683,613 | 1,193,613 |
| 2034 | 530,000 | 654,901 | 1,184,901 |
| 2035 | 560,000 | 629,501 | 1,189,501 |
| 2036 | 590,000 | 606,501 | 1,196,501 |
| 2037 | 615,000 | 582,401 | 1,197,401 |
| 2038 | 650,000 | 557,101 | 1,207,101 |
| 2039 | 680,000 | 530,500 | 1,210,500 |
| 2040 | 715,000 | 502,297 | 1,217,297 |
| 2041 | 755,000 | 471,802 | 1,226,802 |
| 2042 | 790,000 | 438,950 | 1,228,950 |
| 2043 | 825,000 | 403,921 | 1,228,921 |
| 2044 | 870,000 | 366,806 | 1,236,806 |
| 2045 | 910,000 | 327,833 | 1,237,833 |
| 2046 | 960,000 | 286,893 | 1,246,893 |
| 2047 | 1,005,000 | 243,871 | 1,248,871 |
| 2048 | 1,055,000 | 198,768 | 1,253,768 |
| 2049 | 1,110,000 | 151,369 | 1,261,369 |
| 2050 | 1,160,000 | 101,671 | 1,261,671 |
| 2051 | 825,000 | 57,712 | 882,712 |
| 2052 | 870,000 | 19,575 | 889,575 |
| Totals | $ 18,305,000 | $ 12,511,416 | $ 30,816,416 |

**Harris County Municipal Utility District No. 493**
**Changes in Long-Term Bonded Debt**
**Year Ended May 31, 2026**

| | Bond Issues | | |
|---|---|---|---|
| | **Road Series 2024** | **Series 2025** | **Totals** |
| Interest rates | 4.00% to 6.50% | 4.00% to 6.50% | |
| Dates interest payable | September 1/ March 1 | September 1/ March 1 | |
| Maturity dates | September 1, 2026/2049 | September 1, 2027/2051 | |
| Bonds outstanding, beginning of current year | $ 5,450,000 | $ - | $ 5,450,000 |
| Bonds sold during current year | - | 12,855,000 | 12,855,000 |
| Retirements, principal | - | - | - |
| Bonds outstanding, end of current year | $ 5,450,000 | $ 12,855,000 | $ 18,305,000 |
| Interest paid during current year | $ 240,631 | $ 203,763 | $ 444,394 |

Paying agent's name and address

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

| Bond authority | **Tax Bonds** | **Recreational Bonds** | **Road Bonds** | **Refunding Bonds** |
|---|---|---|---|---|
| Amount authorized by voters | $ 198,000,000 | $ 69,000,000 | $ 80,000,000 | $ 173,500,000 |
| Amount issued | $ 12,855,000 | $ - | $ 5,450,000 | $ - |
| Remaining to be issued | $ 185,145,000 | $ 69,000,000 | $ 74,550,000 | $ 173,500,000 |

| | |
|---|---|
| Debt service fund cash and temporary investment balances as of May 31, 2026: | $ 1,643,028 |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | $ 1,185,247 |

**Harris County Municipal Utility District No. 493**
**Comparative Schedule of Revenues and Expenditures – General Fund**
**Four Years Ended May 31,**

| | Amounts | | | |
|---|---|---|---|---|
| | **2026** | **2025** | **2024** | **2023** |
| **General Fund** | | | | |
| **Revenues** | | | | |
| Property taxes | $ 990,979 | $ 1,144,195 | $ 93,257 | $ 59,333 |
| Water service | 123,092 | 73,480 | 47,373 | 8,843 |
| Sewer service | 171,368 | 129,311 | 88,495 | 23,671 |
| Regional water fee | 159,935 | 94,165 | 43,891 | 1,574 |
| Penalty and interest | 18,055 | 37,566 | 6,747 | 703 |
| Tap connection and inspection fees | 389,003 | 291,289 | 345,723 | 165,960 |
| Investment income | 32,892 | 9,892 | 8 | - |
| Other income | - | 2,307 | 8,870 | 26 |
| **Total Revenues** | 1,885,324 | 1,782,205 | 634,364 | 260,110 |
| **Expenditures** | | | | |
| Service operations | | | | |
| Purchased services | 204,717 | 165,834 | 43,050 | 6,739 |
| Regional water fee | 146,757 | 93,024 | 40,182 | 1,157 |
| Professional fees | 219,692 | 161,399 | 113,148 | 92,209 |
| Contracted services | 174,368 | 130,574 | 153,978 | 57,303 |
| Utilities | 5,291 | 2,803 | 2,950 | - |
| Repairs and maintenance | 284,389 | 166,850 | 126,215 | 58,598 |
| Other expenditures | 68,969 | 66,980 | 46,139 | 36,506 |
| Tap connections | 256,540 | 184,604 | 167,818 | 191,530 |
| **Total Expenditures** | 1,360,723 | 972,068 | 693,480 | 444,042 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 524,601 | 810,137 | (59,116) | (183,932) |
| **Other Financing Sources** | | | | |
| Interfund transfers in | 20,171 | - | - | - |
| Developer advances | - | - | 180,000 | 70,000 |
| **Total Other Financing Sources** | 20,171 | - | 180,000 | 70,000 |
| **Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 544,772 | 810,137 | 120,884 | (113,932) |
| **Fund Balance (Deficit), Beginning of Year** | 813,640 | 3,503 | (117,381) | (3,449) |
| **Fund Balance (Deficit), End of Year** | $ 1,358,412 | $ 813,640 | $ 3,503 | $ (117,381) |
| **Total Active Retail Water Connections** | 371 | 197 | 181 | 100 |
| **Total Active Retail Wastewater Connections** | 341 | 175 | 160 | 99 |

| Percent of Fund Total Revenues | | | |
|---|---|---|---|
| **2026** | **2025** | **2024** | **2023** |
| 52.6 % | 64.2 % | 14.7 % | 22.8 % |
| 6.5 | 4.1 | 7.5 | 3.4 |
| 9.1 | 7.3 | 13.9 | 9.1 |
| 8.5 | 5.3 | 6.9 | 0.6 |
| 1.0 | 2.1 | 1.1 | 0.3 |
| 20.6 | 16.3 | 54.5 | 63.8 |
| 1.7 | 0.6 | 0.0 | - |
| - | 0.1 | 1.4 | 0.0 |
| 100.0 | 100.0 | 100.0 | 100.0 |
| 10.9 | 9.3 | 7.3 | 2.6 |
| 7.8 | 5.2 | 6.3 | 0.5 |
| 11.6 | 9.0 | 17.8 | 35.5 |
| 9.2 | 7.3 | 24.3 | 22.0 |
| 0.3 | 0.2 | 0.5 | - |
| 15.1 | 9.4 | 19.9 | 22.5 |
| 3.7 | 3.8 | 6.7 | 14.0 |
| 13.6 | 10.3 | 26.5 | 73.6 |
| 72.2 | 54.5 | 109.3 | 170.7 |
| 27.8 % | 45.5 % | (9.3) % | (70.7) % |

**Harris County Municipal Utility District No. 493**
**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 | $ 364,609 | $ - | 85.4 % | - % |
| Penalty and interest | 21,083 | - | 4.9 | - |
| Investment income | 41,537 | 12,496 | 9.7 | 100.0 |
| **Total Revenues** | 427,229 | 12,496 | 100.0 | 100.0 |
| **Expenditures** | | | | |
| Current | | | | |
| Contracted services | 21,549 | - | 5.0 | - |
| Other expenditures | 17,054 | - | 4.0 | - |
| Debt service, interest and fees | 445,144 | 84,889 | 104.2 | 679.3 |
| **Total Expenditures** | 483,747 | 84,889 | 113.2 | 679.3 |
| **Deficiency of Revenues Over Expenditures** | (56,518) | (72,393) | (13.2) % | (579.3) % |
| **Other Financing Sources (Uses)** | | | | |
| Interfund transfers out | (20,171) | - | | |
| General obligation bonds issued | 1,212,475 | 481,262 | | |
| **Total Other Financing Sources** | 1,192,304 | 481,262 | | |
| **Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 1,135,786 | 408,869 | | |
| **Fund Balance, Beginning of Year** | 408,869 | - | | |
| **Fund Balance, End of Year** | $ 1,544,655 | $ 408,869 | | |

**Harris County Municipal Utility District No. 493**
**Board Members, Key Personnel, and Consultants**
**Year Ended May 31, 2026**

| | | |
|---|---|---|
| Complete District mailing address: | Harris County Municipal Utility District No. 493<br>c/o Schwartz, Page & Harding, L.L.P.<br>1300 Post Oak Boulevard, Suite 2400<br>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): | | August 5, 2025 |
| Limit on fees of office that a director may receive during a fiscal year: | | $ 7,200 |

| Board Members | Term of Office Elected & Expires | Fees* | Expense Reimbursements | Title at Year-End |
|---|---|---|---|---|
| Burt Lazar | Elected 05/26–05/30 | $ 2,652 | $ 426 | President |
| Tommy J. Vicknair | Elected 05/24–05/28 | 4,641 | 75 | Vice President |
| Greg Garner, Jr. | Elected 05/24–05/28 | 3,094 | 1,127 | Secretary |
| Summer Roundtree | Elected 05/24–05/28 | 2,210 | 71 | Assistant Secretary |
| Jimmy Stewart | Elected 05/26–05/30 | 221 | - | Assistant Secretary |
| Kaci Schlachter | Elected 05/22–05/26 | 1,326 | 220 | Term Expired |

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

**Harris County Municipal Utility District No. 493**
**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.* | 05/25/21 | $ 14,554 | Tax Assessor/ Collector |
| BGE, Inc. | 05/05/08 | 189,992 | Engineer |
| Forvis Mazars, LLP | 05/23/23 | 31,400 | Auditor |
| Harris Central Appraisal District | Legislative Action | 11,726 | Appraiser |
| Inframark, LLC | 05/25/21 | 551,553 | Operator |
| Masterson Advisors LLC | 05/15/18 | 219,099 | Financial Advisor |
| Municipal Accounts & Consulting, L.P. | 10/29/19 | 60,391 | Bookkeeper |
| Perdue, Brandon, Fielder, Collins & Mott, L.L.P. | 05/25/21 | 9,333 | Delinquent Tax Attorney |
| Schwartz, Page & Harding, L.L.P. | 05/05/08 | 330,603<br>125,379 | Bond Counsel<br>General Counsel |
| **Investment Officers** | | | |
| Mark M. Burton and Ghia Lewis | 10/29/19 | N/A | Bookkeepers |

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

# APPENDIX B

## Specimen Municipal Bond Insurance Policy

# MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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**Notices (Unless Otherwise Specified by BAM)**

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

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