This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 13, 2026

This Preliminary OFFICIAL STATEMENT is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the OFFICIAL STATEMENT will be completed and delivered to the Underwriter.

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576, 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 WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE-BOOK-ENTRY-ONLY

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576

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

$9,070,000
UNLIMITED TAX BONDS
SERIES 2026

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

The $9,070,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are being issued by Harris County Municipal Utility District No. 576 (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 on or about December 17, 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."

MATURITY SCHEDULE

Due (March 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (d)	Due (March 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (d)
2029	$ 380,000				2041	$ 380,000 (b)			
2030	380,000				2042	380,000 (b)			
2031	380,000				2043	375,000 (b)			
2032	380,000				2044	375,000 (b)			
2033	380,000 (b)				2045	375,000 (b)			
2034	380,000 (b)				2046	375,000 (b)			
2035	380,000 (b)				2047	375,000 (b)			
2036	380,000 (b)				2048	375,000 (b)			
2037	380,000 (b)				2049	375,000 (b)			
2038	380,000 (b)				2050	375,000 (b)			
2039	380,000 (b)				2051	375,000 (b)			
2040	380,000 (b)				2052	375,000 (b)			

(a) The Underwriter (hereinafter defined) may designate one or more maturities as term bonds. See accompanying "OFFICIAL NOTICE OF SALE" and "OFFICIAL BID FORM."

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

(c) 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.

(d) CUSIP Numbers will be 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 December 17, 2026.

Bids Due: Tuesday, November 10, 2026, at 10:30 A.M., Houston, Texas Time, in Houston, Texas
Bid Award: Tuesday, November 10, 2026 at 12:00 P.M., Houston, Texas Time, in Houston, Texas

TABLE OF CONTENTS

MATURITY SCHEDULE **1**
USE OF INFORMATION IN OFFICIAL STATEMENT **3**
SALE AND DISTRIBUTION OF THE BONDS **4**
Award of the Bonds 4
Prices and Marketability 4
Securities Laws 4
OFFICIAL STATEMENT SUMMARY **5**
SELECTED FINANCIAL INFORMATION (UNAUDITED) **9**
THE BONDS **10**
General 10
Description 10
Authority for Issuance 10
Source and Security for Payment 11
Funds 11
Record Date 11
Redemption Provisions 11
Method of Payment of Principal and Interest 11
Registration 12
Replacement of Paying Agent/Registrar 12
Legal Investment and Eligibility to Secure Public Funds in Texas 12
Issuance of Additional Debt 12
Financing Water, Sewer and Drainage Facilities 13
Financing Recreational Facilities 13
Financing Road Facilities 13
Financing Fire-Fighting Facilities 13
Annexation 13
Consolidation 14
Remedies in Event of Default 14
Defeasance 14
BOOK-ENTRY-ONLY SYSTEM **15**
USE AND DISTRIBUTION OF BOND PROCEEDS **16**
THE GRAND PRAIRIE **17**
THE DISTRICT **17**
General 17
Description and Location 17
Land Use 18
Status of Development 18
Homebuilding 18
Future Development 19
THE DEVELOPERS **19**
Role of a Developer 19
Grand Prairie Development, LLC 19
Emptor WRRD 16663 39 LLC 20
Obligations of the Developers 20
MANAGEMENT OF THE DISTRICT **20**
Board of Directors 20
District Consultants 20
ROADS **21**
WATER, WASTEWATER AND DRAINAGE **21**
Regulation 21
Master Facilities 21
Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities 23
100-Year Flood Plain 23
Atlas 14 23
Water and Wastewater Operations 24
MAJOR CHANNEL AND DETENTION IMPROVEMENTS **24**
FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) **25**
Investments of the District 25
Outstanding Bonds 26
Debt Service Requirements 26
Estimated Overlapping Debt 27
Overlapping Taxes 28
TAX DATA **28**
Debt Service Tax 28
Maintenance and Operations Tax 28
Tax Exemptions 28
Tax Rate Distribution 29
Historical Tax Collections 29
Tax Roll Information 29
Principal Taxpayers 30
Tax Adequacy for Debt Service 30
TAXING PROCEDURES **31**
Property Tax Code and County-Wide Appraisal District 31
Property Subject to Taxation by the District 31
General Residential Homestead Exemption 32
Valuation of Property for Taxation 32
District and Taxpayer Remedies 32
Agricultural, Open Space, Timberland, and Inventory Deferment 32
Tax Abatement 33
Levy and Collection of Taxes 33
Rollback of Operation and Maintenance Tax Rate 33
District's Rights in the Event of Tax Delinquencies 34
RISK FACTORS **35**
General 35
Undeveloped Acreage and Vacant Lots 35
Developer/Property Owners Obligation to the District 35
Economic Factors and Interest Rates 35
Credit Markets and Liquidity in the Financial Markets 35
Competition 35
Increase in Costs of Building Materials 36
Possible Impact on District Tax Rates 36
Overlapping Debt and Taxes 36
Potential Effects of Oil Price Volatility on the Houston Area 37
Extreme Weather Events 37
Specific Flood Type Risks 37
Atlas 14 37
Environmental Regulations 38
Tax Collections Limitations and Foreclosure Remedies 39
Registered Owners' Remedies 40
Bankruptcy Limitation to Registered Owners' Rights 40
Future Debt 40
Marketability of the Bonds 41
Future Legislation 41
Continuing Compliance with Certain Covenants 41
Cybersecurity 41
Risk Factors Related to the Purchase of Municipal Bond Insurance 41
LEGAL MATTERS **42**
Legal Opinions 42
Legal Review 42
Tax Exemption 42
Qualified Tax-Exempt Obligations 43
Collateral Federal Income Tax Consequences 43
State, Local and Foreign Taxes 44
Tax Accounting Treatment of Original Issue Discount and Premium Bonds 44
NO MATERIAL ADVERSE CHANGE **45**
NO-LITIGATION CERTIFICATE **45**
MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE **45**
PREPARATION OF OFFICIAL STATEMENT **45**
Sources and Compilation of Information 45
Financial Advisor 45
Consultants 45
Updating the Official Statement 46
Certification of Official Statement 46
CONTINUING DISCLOSURE OF INFORMATION **46**
Annual Reports 46
Specified Event Notices 47
Availability of Information from the MSRB 47
Limitations and Amendments 47
Compliance With Prior Undertakings 47
MISCELLANEOUS **48**

AERIAL LOCATION MAP
PHOTOGRAPHS OF THE DISTRICT
APPENDIX A—Independent Auditor's Report and Financial Statements of the District for the year ended April 30, 2026

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), as amended and in effect on the date hereof, this document constitutes an OFFICIAL STATEMENT of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by SEC Rule 15c2-12.

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."

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 _____ (the "Underwriter"), paying the interest rates shown on the cover page hereof, at a price of _____% of the principal amount thereof which resulted in a net effective interest rate of _____% 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.

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 in 2021 by Acts of the 87th Texas Legislature, Regular Session, codified as Chapter 7926A, Texas Special District Local Laws Code (the "Act"), and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently includes approximately 441 acres of land within its boundaries. See "THE DISTRICT."

Location... The District is located in Harris County approximately 34 miles northwest of the central downtown business district of the City of Houston, Texas and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston. The District is located within the boundaries of Waller Independent School District. The District is located north of Mound Road, east of Mathis Road, south of Betka Road, and west of Warren Ranch Road. Access to the District is provided by U.S. Highway 290 to Betka Road to Warren Ranch Road. See "THE DISTRICT" and "AERIAL LOCATION MAP."

The Grand Prairie… The District is part of the master-planned community of The Grand Prairie, currently consisting of the District, one water control and improvement district, and three other municipal utility districts. The District is within the boundaries of Harris County Water Control and Improvement District No. 164 ("WCID 164"), which overlaps the entirety of The Grand Prairie. The development of The Grand Prairie is planned to ultimately encompass approximately 1,748 acres. See "THE GRAND PRAIRIE," "THE DISTRICT" and "RISK FACTORS—Overlapping Debt and Taxes."

The Developers… Grand Prairie Development, LLC, a Texas limited liability company ("Grand Prairie Development") is managed by CCDL Ventures, LLC, a Texas limited liability company whose manager is Concourse Companies, LLC, a Texas limited liability company ("Concourse Companies"). Grand Prairie Development has completed the development of The Grand Prairie, Sections One through Five, Seven and Eight consisting of 613 single-family residential lots on approximately 147 acres within the District and continues to own approximately 25 acres of developable land within the District.

Emptor WRRD 16663 39 LLC, a Texas limited liability company ("Emptor WRRD") is managed by CCDL Ventures WRRD 16663 39, LLC, a Texas limited liability company whose manager is Concourse Companies. Emptor WRRD has completed the development of The Grand Prairie, Sections Nine through Twelve consisting of 267 single-family residential lots on approximately 52 acres within the District. Emptor WRRD has completed development of the land it owned in the District and does not own any land for future development.

Grand Prairie Development and Emptor WRRD (collectively referred to herein as the "Developers") were formed by Concourse Companies for the sole purpose of owning and developing land within The Grand Prairie. Ember Real Estate Investment & Development ("Ember"), a privately held real estate investment and development firm located in Houston, Texas, is under common ownership with Concourse Companies and has been engaged as the development manager responsible for managing the day-to-day development, construction and lot sales for the Developers. See "THE DEVELOPERS" and "TAX DATA—Principal Taxpayers."

Status of Development… Underground utilities and paving are complete for The Grand Prairie, Sections One through Five, and Seven through Twelve (880 single-family residential lots on approximately 199 acres) in the District. As of October 13, 2026, 503 homes were completed (494 occupied, 1 unoccupied and 8 models), 168 homes were under construction or continue to be in the name of a builder, and 209 lots were available for home construction. According to the Developers, new homes in the District range in sales price from approximately $290,000 to $650,000.

Approximately 2 acres within the District have been developed for commercial purposes, on which a gas station with a convenience store and additional retail space is under construction with completion expected in the fourth quarter of 2026. In addition, The Sundancer, a recreation and amenity complex, has been constructed on approximately 6 acres within the District and includes a 6,700 square foot community center, two resort-style swimming pools, splash pads, a playground and zipline, green spaces and event lawn, and a 40-foot high overlook hill. Interconnecting hiking and bike trails have also been constructed throughout the community.

A fire station for Waller-Harris County Emergency Services District No. 200, which is exempt from the payment of ad valorem taxes, is under construction on approximately 3 acres in the District with completion expected by the fourth quarter of 2026.

The remainder of the District is comprised of approximately 25 developable acres that have not been provided with utility service and approximately 206 undevelopable acres (detention facilities, pipeline easements, street right-of-way, drill sites and utility sites). See "THE DISTRICT—Land Use," "—Status of Development," and "—Future Development."

The Builders… Homebuilders actively building homes in the District include David Weekley Homes, Perry Homes, Shea Homes, Village Builders and Westin Homes (collectively, the "Builders"). See "THE DISTRICT—Homebuilding."

Water and Wastewater Facilities… The District has constructed internal water, sewer and drainage facilities within its boundaries. Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by regional facilities owned and operated by Harris County Municipal Utility District No. 570D ("MUD 570D"), 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 The Grand Prairie and the surrounding area. See "ROADS."

Storm Drainage… WCID 164 provides or will provide amenity/detention facilities and major drainage and channel improvements to serve the land within its boundaries, including the District. See "MAJOR CHANNEL AND DETENTION IMPROVEMENTS."

Overlapping Debt Obligations… All of the land within the District is included within the boundaries of WCID 164 and is also subject to taxation by WCID 164. WCID 164 levied a 2026 tax rate in the amount of $0.40 per $100 of taxable assessed valuation. WCID 164 has previously issued a total of $22,380,000 principal amount of unlimited tax bonds, of which $22,275,000 principal amount remains outstanding as of the date hereof. The District's 2026 tax rate of $1.10 per $100 of taxable assessed valuation, in combination with the 2026 tax rate of WCID 164 is $1.50 per $100 of taxable assessed valuation. See "RISK FACTORS—Overlapping Debt and Taxes."

Payment Record… The District has previously issued $15,000,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities in one series and $8,375,000 principal amount of unlimited tax bonds for road facilities in one series, of which $23,195,000 principal amount remains outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District has never defaulted on its debt obligations. The District capitalized eighteen (18) months of interest from the proceeds of its Series 2025 Bonds and will capitalize an amount equal to the lesser of $453,500 or twelve (12) months of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

THE BONDS

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

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

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

Use of Proceeds... Proceeds of the Bonds will be used to finance engineering and construction costs associated with water, sewer and drainage facilities and to pay connection charges to the Master District for water supply and wastewater treatment capacity as shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, proceeds of the Bonds will be used to capitalize an amount equal to the lesser of $453,500 or twelve (12) months of interest on the Bonds; to pay interest on funds advanced by the Developers on behalf of the District; to pay engineering fees and administrative costs; to pay Developer advances 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 $157,750,000 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, the Act, an order of the Texas Commission on Environmental Quality ("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... The District has not applied for an underlying investment grade rating nor is it expected that the District would have been successful if such application had been made. The District has submitted applications to municipal bond insurers for a contract for municipal bond insurance on the Bonds. The purchase of municipal bond insurance with an associated rating of at least "AA" from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC or "Aa" from Moody's Investors Service is mandatory, at the expense of the Underwriter, including any rating fees associated with the insurance. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

Qualified Tax-Exempt Obligations... The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS—Qualified Tax-Exempt Obligations."

Bond Counsel... Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."

Financial Advisor…	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$186,859,368	(a)
Estimated Taxable Assessed Valuation as of September 1, 2026	$230,689,399	(b)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds)	$32,265,000	
Estimated Overlapping Debt	19,537,014	(c)
Gross Direct Debt and Estimated Overlapping Debt	$51,802,014	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	17.27%	
Estimated Taxable Assessed Valuation as of September 1, 2026	13.99%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	27.72%	
Estimated Taxable Assessed Valuation as of September 1, 2026	22.46%	
Funds Available for Debt Service:		
Road Debt Service Fund Balance as of October 13, 2026	$ 120,789	(d)
Water, Sewer and Drainage and Park Debt Service Fund Balance as of October 13, 2026	538,894	(d)
Capitalized Interest from Proceeds of the Bonds (Twelve (12) Months)	453,500	(d)(e)
Total Funds Available for Debt Service	$1,113,183	
Funds Available for Maintenance and Operations as of October 13, 2026	$708,318	
Funds Available for Water, Sewer and Drainage and Park Capital Projects as of October 13, 2026	$203,091	(f)
2026 Debt Service Tax Rate	$0.715	
2026 Maintenance and Operations Tax Rate	0.385	
2026 Total Tax Rate	$1.100	
Average Annual Debt Service Requirement (2027-2052)	$2,103,474	(g)
Maximum Annual Debt Service Requirement (2029)	$2,439,300	(g)
Tax Rates Required to Pay Average Annual Debt Service (2027-2052) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$1.19	(h)
Based upon Estimated Taxable Assessed Valuation as of September 1, 2026	$0.96	(h)
Tax Rates Required to Pay Maximum Annual Debt Service (2029) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$1.38	(h)
Based upon Estimated Taxable Assessed Valuation as of September 1, 2026	$1.12	(h)
Status of Development as of October 13, 2026 (i):		
Total Single-Family Residential Lots	880	
Completed Single-Family Homes (494 Occupied, 1 Unoccupied, 8 Models)	503	
Single-Family Residential Homes Under Construction or in the Name of a Builder	168	
Single-Family Lots Available for Home Construction	209	
Estimated Population	1,729	(j)

(a) The 2026 Taxable Assessed Valuation shown herein includes $177,896,881 of certified value and $8,962,487 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on September 1, 2026. No tax will be levied on such amount until it is certified by the Appraisal District. Increases in value occurring between January 1, 2026 and September 1, 2026 will be certified as of January 1, 2027. See "TAXING PROCEDURES."

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

(d) Although all of the District's debt, including the Outstanding Bonds and the Bonds, has been issued on a parity basis and is payable from an unlimited tax pledge, a portion of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on the bonds issued for the purpose of financing road facilities or to refund such bonds and bonds issued for the purpose of financing water, sewer and drainage facilities and park and recreational facilities or to refund such bonds, including the Bonds, and deposited into separate sub-accounts within the District's Bond Fund. See "THE BONDS—Funds."

(e) The District will capitalize an amount equal to the lesser of $453,500 or twelve (12) months of interest from proceeds of the Bonds. The amount shown above is estimated at 5.00%. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

(f) The District will contribute $201,000 of surplus Water, Sewer and Drainage and Park Capital Projects Funds towards the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
(A political subdivision of the State of Texas located within Harris County)

$9,070,000
UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 576 (the "District") of its $9,070,000 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, Chapter 7926A, Texas Special District Local Laws Code (the "Act"), 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, Grand Prairie Development, LLC, a Texas limited liability company ("Grand Prairie Development"), Emptor WRRD 16663 39 LLC, a Texas limited liability company ("Emptor WRRD") (Grand Prairie Development and Emptor WRRD are collectively referred to herein as the "Developers"), David Weekley Homes, Perry Homes, Shea Homes, Village Builders and Westin Homes (collectively, 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 December 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 (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 on March 1 of the years and in the amounts, and accrue interest at the rates, shown under "MATURITY SCHEDULE" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be 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 ("Registered Owners"). 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 7, 2022, voters of the District authorized the District's issuance of $157,750,000 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 $133,680,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities will remain authorized but unissued. See "—Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended; the Act; and an order of the TCEQ dated October 21, 2026. At the above-described election, voters in the District also authorized a total of $67,150,000 in bonds for the purpose of acquiring or constructing recreational facilities. No bonds have been issued from said authorization. See "—Financing Recreational Facilities" herein.

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 Bond 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 park and recreational facilities, or to refund such bonds ("WSD&R Bonds"), including the Bonds, from funds received to pay debt service on bonds issued to finance road facilities, or to refund such bonds ("Road Bonds"). The Bond Order also confirms the District's Construction Fund, including the sub-accounts which are used to separate proceeds from WSD&R Bonds and Road Bonds. An amount equal to the lesser of $453,500 or twelve (12) months of interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the sub-account of the Bond Fund created in respect of WSD&R Bonds. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of WSD&R Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds.

The proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, into the sub-account of the Bond Fund created in respect of WSD&R Bonds. The Bond 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 Bond 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 Bond Fund, including funds in the sub-account created in respect of Road Bonds, will not be allocated to the payment of the Bonds.

Record Date

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

Redemption Provisions

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

By the Redemption Date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the Redemption Date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners 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 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 $157,750,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities. Following the issuance of the Bonds, $133,680,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities will remain authorized but unissued. The District's voters have also authorized a total of $46,280,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities, $37,905,000 in principal amount of which remains authorized but unissued. The District's voters have also authorized a total of $67,150,000 in principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities, a total of $47,400,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding water, sewer and drainage facilities bonds of the District, $20,200,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding park and recreational facilities bonds of the District, and $13,900,000 in 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 park and recreational facilities, and for refunding outstanding bonds of the District. Issuance of additional bonds for water, sewer and drainage facilities, and/or for park and recreational facilities, is subject to the approval of the TCEQ. Additional bonds may also be issued for road facilities, which bonds do not currently require TCEQ approval. Issuance of additional bonds could dilute the investment security of the Bonds. See "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," and "—Financing Road Facilities" herein, "THE DISTRICT—General" and "RISK FACTORS—Future Debt."

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

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 7, 2022, voters of the District authorized a total of $157,750,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities. After issuance of the Bonds, $133,680,000 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 park and 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 park and recreational facilities.

At an election held within the District on May 7, 2022, voters of the District authorized a total of $67,150,000 principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities, none of which have been issued. The District is authorized to issue such bonds payable from ad valorem taxes to pay for the development and maintenance of park and 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 one percent (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, three percent (3%) of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. Issuance of additional bonds for park and 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, Chapter 54 of the Texas Water Code, as amended, and the Act, the District is authorized to develop and finance with property taxes certain road facilities following a successful District election to approve the issuance of road bonds payable from taxes. At an election held within the District on May 7, 2022, voters of the District authorized a total of $46,280,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities, of which $37,905,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities remains authorized but unissued. Issuance of additional bonds for road facilities could dilute the investment security of the Bonds. See "—Issuance of Additional Debt" herein and "RISK FACTORS—Future Debt."

Financing Fire-Fighting Facilities

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 "RISK FACTORS—Future Debt" and "—Issuance of Additional Debt" herein.

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

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

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

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

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

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

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

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

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

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

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 Pape-Dawson, LLC (the "Engineer") and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

CONSTRUCTION RELATED COSTS		
• Construction and Engineering Related Costs Approved by the TCEQ …..	$	2,889,046
• Connection Charges Approved by the TCEQ……..		4,386,723
• Less: Surplus Funds (a)……..		(201,000)
Total Construction Costs……	**$**	**7,074,769**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount (Estimated at 3.00%) (b)……..	$	272,100
• Capitalized Interest (Twelve (12) Months Estimated at 5.00%) (b)……..		453,500
• Developer Advances……..		292,000
• Developer Interest (Estimated)……..		393,972
Total Non-Construction Costs……	**$**	**1,411,572**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees……..	$	461,914
• Bond Application Report Costs……..		90,000
• State Regulatory Fees……..		31,745
Total Issuance Costs and Fees……	**$**	**583,659**
TOTAL BOND ISSUE……	**$**	**9,070,000**

(a) The District will contribute $201,000 of surplus Water, Sewer and Drainage and Park Capital Projects Funds towards the issuance of the Bonds. See "SELECTED FINANCIAL INFORMATION (UNAUDITED)."

(b) The TCEQ approved a maximum Underwriter's Discount of 3.00% and a maximum of twelve (12) months of capitalized interest at an estimated interest rate of 5.00% per annum.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the event actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ notice or approval and the issuance of additional bonds may be required.

THE GRAND PRAIRIE

The District is part of the master-planned community of The Grand Prairie, currently consisting of the District, Harris County Municipal Utility District No. 570A ("MUD 570A"), Harris County Municipal Utility District No. 570C ("MUD 570C"), Harris County Municipal Utility District No. 570D ("MUD 570D" or the "Master District"), and Harris County Water Control and Improvement District No. 164 ("WCID 164"). To date, 2,460 single-family residential lots on approximately 494 acres have been developed in The Grand Prairie, all of which are located within the District or MUD 570C and are overlapped by WCID 164. The development of The Grand Prairie is planned to ultimately encompass approximately 1,748 acres. See "THE DISTRICT" and "RISK FACTORS—Overlapping Debt and Taxes."

THE DISTRICT

General

The District is a municipal utility district created in 2021 by Acts of the 87th Legislature, Regular Session, codified as Chapter 7926A, Texas Special District Local Laws Code (the "Act"), and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, the Act, 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 TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance park and 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 water, wastewater, drainage, recreational, fire-fighting and road 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.

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 441 acres of land within its boundaries. The District is located in Harris County approximately 34 miles northwest of the central downtown business district of the City of Houston, Texas and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston. The District is located within the boundaries of Waller Independent School District. The District is located north of Mound Road, east of Mathis Road, south of Betka Road, and west of Warren Ranch Road. Access to the District is provided by U.S. Highway 290 to Betka Road to Warren Ranch Road. See "AERIAL LOCATION MAP."

Land Use

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

Single-Family Residential	Approximate Acres	Lots
The Grand Prairie:		
Section One	7	15
Section Two	39	159
Section Three	22	132
Section Four	22	97
Section Five	23	78
Section Seven	19	85
Section Eight	15	47
Section Nine	18	89
Section Ten	16	76
Section Eleven	9	58
Section Twelve	9	44
Subtotal	199	880
Commercial (a)	2	--
Recreation Center	6	--
Emergency Services District No. 200 Fire Station (b)	3	--
Future Development	25	--
Undevelopable (c)	206	--
Subtotal	242	--
Totals	441	880

(a) Represents a gas station with a convenience store and additional retail space under construction with completion expected in the fourth quarter of 2026.
(b) Construction is underway with completion expected by the fourth quarter of 2026.
(c) Includes detention facilities, pipeline easements, street rights-of-way, drill sites and utility sites.

Status of Development

Underground utilities and paving are complete for The Grand Prairie, Sections One through Five, and Seven through Twelve (880 single family residential lots on approximately 199 acres) in the District. As of October 13, 2026, 503 homes were completed (494 occupied, 1 unoccupied and 8 models), 168 homes were under construction or in the name of the Builders, and 209 lots were available for home construction. See "RISK FACTORS—Undeveloped Acreage and Vacant Lots." According to the Developers, new homes in the District range in sales price from approximately $290,000 to $650,000. The estimated population in the District is 1,729, based upon 3.5 persons per completed and occupied single-family residence.

Approximately 2 acres within the District have been developed for commercial purposes, on which a gas station with a convenience store and additional retail space is under construction with completion expected in the fourth quarter of 2026. In addition, The Sundancer, a recreation and amenity complex, has been constructed on approximately 6 acres within the District and includes a 6,700 square foot community center, two resort-style swimming pools, splash pads, a playground and zipline, green spaces and event lawn, and a 40-foot high overlook hill. Interconnecting hiking and bike trails have also been constructed throughout the community.

A fire station for Waller-Harris County Emergency Services District No. 200 is under construction on approximately 3 acres in the District with completion expected by the fourth quarter of 2026. Upon completion, the fire station will be exempt from the payment of ad valorem taxes.

The remainder of the District is comprised of approximately 25 developable acres that have not been provided with utility service and approximately 206 undevelopable acres (detention facilities, pipeline easements, street right-of-way, drill sites and utility sites). See "—Land Use" above and "—Future Development" herein.

Homebuilding

Homebuilders actively building homes in the District include David Weekley Homes, Shea Homes, Perry Homes, Village Builders and Westin Homes.

Future Development

Approximately 25 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 park 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 ($238,735,000 principal amount collectively for water, sewer, and drainage, roads, and park and recreational facilities) should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, road and park and recreational facilities for full development of the District. See "WATER, WASTEWATER AND DRAINAGE," "ROADS" and "RISK FACTORS—Future Debt."

THE DEVELOPERS

Role of a Developer

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

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

Grand Prairie Development, LLC

Grand Prairie Development, LLC, a Texas limited liability company ("Grand Prairie Development") is managed by CCDL Ventures, LLC, a Texas limited liability company whose manager is Concourse Companies, LLC, a Texas limited liability company ("Concourse Companies"). Grand Prairie Development has completed the development of The Grand Prairie, Sections One through Five, Seven and Eight consisting of 613 single-family residential lots on approximately 147 acres within the District and continues to own approximately 25 acres of developable land within the District.

Development Financing: Grand Prairie Development has secured a loan through Trez Capital totaling approximately $73,793,016, maturing on February 26, 2027 for the purpose of financing development in The Grand Prairie. The current balance of such loan is approximately $36,370,000 as of October 1, 2026. According to Grand Prairie Development, it is in compliance with all material terms of its loan agreement.

Grand Prairie Development has also obtained financing for a portion of the development of The Grand Prairie through the National Finance Authority of New Hampshire (the "NFA"). The NFA issued $62,775,000 Special Revenue Bonds (Grand Prairie Project, Harris County, Texas), Series 2024 (the "NFA Bonds"), which are secured in part by the sale and assignment of Grand Prairie Development's right to receive proceeds from the Bonds and the future sale of unlimited tax bonds issued by the District. According to Grand Prairie Development, it is 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.

Emptor WRRD 16663 39 LLC

Emptor WRRD 16663 39 LLC, a Texas limited liability company ("Emptor WRRD") is managed by CCDL Ventures WRRD 16663 39, LLC, a Texas limited liability company whose manager is Concourse Companies. Emptor WRRD has completed the development of The Grand Prairie, Sections Nine through Twelve consisting of 267 single-family residential lots on approximately 52 acres within the District. Emptor WRRD has completed development of the land it owned in the District and does not own any land for future development.

Development Financing: Emptor WRRD has secured a loan from IBC Bank totaling approximately $18,057,000, maturing on January 10, 2027 for the purpose of financing development in The Grand Prairie. The current balance of such loan is approximately $1,530,000 as of October 1, 2026. A portion of the proceeds of the Bonds that are payable to Emptor WRRD are pledged in their entirety to the bank lenders. The loan is collateralized by a lien on the land owned by Emptor WRRD. According to Emptor WRRD, it is in compliance with all material terms of its loan agreement.

Grand Prairie Development and Emptor WRRD (collectively referred to herein as the "Developers") were formed by Concourse Companies for the sole purpose of owning and developing land within The Grand Prairie. Ember Real Estate Investment & Development ("Ember"), a privately held real estate investment and development firm located in Houston, Texas, is under common ownership with Concourse Companies and has been engaged as the development manager responsible for managing the day-to-day development, construction and lot sales for the Developers. See "TAX DATA—Principal Taxpayers."

Obligations of the Developers

Neither the Developers, nor any affiliates of the Developers are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. Neither the Developers, nor any affiliates of the Developers have any legal commitment to the District or the owners of the Bonds to continue development of the land within the District, and the Developers may sell or otherwise dispose of property within the District, or any assets, at any time. Further, the financial condition of the Developers is subject to change.

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 of the Board, along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Henry M. Crosswell, IV	President	May 2030
Aaron L. Brown	Vice President	May 2028
Alfred Wich	Secretary	May 2030
John Connolly	Assistant Secretary	May 2028
Timothy H. Garde	Assistant Secretary	May 2030

District Consultants

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

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

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

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

Engineer: The District's consulting engineer is Pape-Dawson, LLC.

Auditor: The financial statements of the District as of April 30, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis, PLLC as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's April 30, 2026, financial statements.

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

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.

Utility System Operator: Municipal District Services, LLC operates the water and wastewater systems and plants of the Master District and the internal water distribution and wastewater collection facilities of the District.

ROADS

The roads that serve the residents of the District (the "Roads") provide access to the major thoroughfares within The Grand Prairie and the surrounding area. A portion of the proceeds from the sale of the District's Series 2024 Road Bonds was expended to finance a portion of the Roads within The Grand Prairie, Sections One through Five. Upon completion, the Roads will be accepted by Harris County for operation and maintenance in accordance with the procedures of Harris County. The District will not operate or maintain the Roads. See "THE BONDS—Financing Road Facilities" and "RISK FACTORS—Future Debt."

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 development in the District is being served by a regional water supply and wastewater treatment system that is owned and operated by MUD 570D, 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 October 10, 2023, by and among MUD 570D, MUD 570A, MUD 570C and the District, 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 regional water supply and wastewater treatment facilities, as well as major trunk lines related to said regional facilities (the "Master Facilities"), to serve the land within the Service Area defined therein and any other area that may be subsequently added to The Grand Prairie development or otherwise served by the Master District pursuant 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. Participants may be required to fund additional capital costs for the construction of Master District facilities if the Master District determines, as a part of its annual recalculation of the Connection Charge, that actual costs for the Master

Facilities exceeded the Connection Charges paid. The current Connection Charge imposed by the Master District under the Master Contract is $4,700 per equivalent single-family connection for water supply capacity, and $8,700 for wastewater treatment capacity. 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 May). 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.

Water Supply: Water supply to serve the development within the District is provided by Water Plant No. 1 and Water Plant No. 2 owned and operated by the Master District. The Master District's current facilities at Water Plant No. 1 include two 750 gallon per minute ("gpm") water wells, two 15,000 gallon pressure tanks, two 324,000 gallon ground storage tanks, and 4,400 gpm of booster pump capacity. 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 a 1,000 gpm water well, one 15,000 gallon pressure tank, one 211,000 gallon ground storage tank, and 1,900 gpm of booster pump capacity. A Phase 2 expansion of Water Plant No. 2 is currently under construction with estimated completion by the end of the fourth quarter of 2026. Upon completion, Water Plant No. 2 will include a 1,000 gpm water well, two 15,000 gallon pressure tanks, one 211,000 gallon ground storage tank, one 320,000 gallon ground storage tank and 3,400 gpm of booster pump capacity. After completion of the expansion, the two water plants will be able to serve a total of 3,567 equivalent single-family connections collectively, of which 782 equivalent single-family connections are allocated to the District, 920 equivalent single-family connections are allocated to MUD 570C and 52 equivalent single-family connections are allocated to MUD 570A. Future expansions of Water Plant No. 1 and Water Plant No. 2 will include additional water well capacity, pressure tank capacity, ground storage tank capacity and booster pump capacity.

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. 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.

To date, the Master District, and the Authority have not entered into an agreement to construct a water line to provide treated surface water to the Master District's Water Plant No. 1 or to provide surface water to the Master District's Water Plant No. 1.

Wastewater Treatment: Wastewater treatment for the development within the District is provided by a permanent 500,000 gpd wastewater treatment plant owned and operated by the Master District. The wastewater treatment plant has a rated capacity to serve approximately 1,667 equivalent single-family connections based on 300 gpd per connection, of which 782 equivalent single-family connections are allocated to the District, 920 equivalent single-family connections are allocated to MUD 570C and 52 equivalent single-family connections are allocated to MUD 570A. The District's wastewater treatment plant has a permitted capacity of 0.50 million gallons per day ("mgd") and currently treats approximately 0.185 mgd, or 37% of its permitted capacity. Under TCEQ rules, when the plant's average daily flow reaches 75% of permitted capacity (0.375 mgd) for three consecutive months, the District must begin engineering and financial planning for the plant's next expansion. When the flow reaches 90% of permitted capacity (0.45 mgd) for three consecutive months, the District must obtain TCEQ authorization to begin construction of that expansion. Although current flows are well below the 75% threshold, design of the next phase of the plant has already begun, and construction is expected to begin before flows reach 90% of permitted capacity.

Major Trunk Lines: Major water distribution and wastewater collection lines have been constructed by Grand Prairie Development, LLC on behalf of the Master District. Charges for water distribution system capacity and for wastewater collection system capacity in the Master District's trunk lines are allocated through the payment of Connection Charges as described herein.

Allocation and Purchase of Capacity: The Master District has allocated water supply and wastewater treatment capacity for 782 equivalent single-family connections to the District pursuant to the Master Contract. The District will pay the Master District for 301 equivalent single-family connections for wastewater treatment capacity and water supply capacity and supplement payments to revised connection charges for 481 equivalent single-family connections for wastewater treatment capacity and water supply capacity using proceeds from the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS." Approximately 199 acres developed as 880 single-family residential lots comprise the development within the District. The Master District has allocated water supply and wastewater treatment capacity for 920 equivalent single-family connections to MUD 570C pursuant to the Master Contract. MUD 570C will purchase 189 equivalent single-family connections of such capacity using proceeds from unlimited tax bonds that are expected to be issued in the fourth quarter of 2026. The Master District has allocated water supply and wastewater treatment capacity for 52 equivalent single-family connections to MUD 570A pursuant to the Master Contract. The District, MUD 570C and MUD 570A expect to pay the Master District for additional connection charges with proceeds from future bond issues and purchase additional capacity from the Master District as necessary.

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 880 single-family residential lots and a recreation center. 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.

On March 23, 2023, May 4, 2023 and May 2, 2026, Harris County Flood Control District and the Federal Emergency Management Agency approved the District's Letters of Map Revision to remove approximately 18 acres of land from the 100-year flood plain. According to the Engineer, approximately 24 acres of land in the District are currently located in the effective flood plain, which consists of approximately 9 acres of developable land that will need to be removed for future development and approximately 15 acres of undevelopable land. See "RISK FACTORS—Extreme 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 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 period of inception through the fiscal year ended April 30, 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 April 30		
	2026	2025	2024
Revenues			
Property Taxes	$ 910,879	$ 403,259	$ 68,455
Water Service	207,702	174,594	21,794
Wastewater Service	339,856	246,101	41,811
Tap Connection and Inspection Fees	518,404	359,118	345,975
Water Authority Fees	300,955	203,363	18,457
Penalty and Interest	12,205	14,652	1,565
Investment Revenues	7,658	3,019	2,162
Miscellaneous Revenues	117,442	21,591	67,373
Total Revenues	$ 2,415,101	$ 1,425,697	$ 567,592
Expenditures			
Professional Fees	$ 166,806	$ 292,527	$ 106,817
Contracted Services	197,453	129,560	47,800
Purchased Water Service	172,624	272,734	21,906
Purchased Wastewater Service	172,545	302,310	1,295
Utilities	33,278	22,359	4,663
Water Authority Assessments	299,900	237,078	-
Repairs and Maintenance	275,800	390,111	38,514
Other	372,852	294,610	230,099
Total Expenditures	$ 1,691,258	$ 1,941,289	$ 451,094
Revenues Over/(Under) Expenditures	$ 723,843	$ (515,592)	$ 116,498
Other Sources			
Transfer In (Out)	$ 50,000	$ -	$ -
Developer Advances	110,000	355,000	150,000
Total Other Sources	$ 160,000	$ 355,000	$ 150,000
Fund Balance (Beginning of Year)	$ 88,699	$ 249,291	$ (17,207)
Fund Balance (End of Year)	$ 972,542	$ 88,699	$ 249,291

MAJOR CHANNEL AND DETENTION IMPROVEMENTS

WCID 164 was created to construct and operate all detention facilities and major drainage and channel improvements necessary to serve the land within the boundaries of WCID 164, including the District. The drainage facilities constructed by WCID 164 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 The Grand Prairie. Construction of additional detention facilities has been or will be phased to accommodate development as it occurs. The detention basins constructed to date encompass approximately 286 acres of land and detain enough storm water to develop approximately 1,097 acres of development within WCID 164. Of the approximately 286 acres of detention basins within the boundaries of WCID 164, approximately 72 acres are owned and maintained by MUD 570C. See "RISK FACTORS—Atlas 14."

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$186,859,368	(a)
Estimated Taxable Assessed Valuation as of September 1, 2026	$230,689,399	(b)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds)	$32,265,000	
Estimated Overlapping Debt	19,537,014	(c)
Gross Direct Debt and Estimated Overlapping Debt	$51,802,014	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	17.27%	
Estimated Taxable Assessed Valuation as of September 1, 2026	13.99%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	27.72%	
Estimated Taxable Assessed Valuation as of September 1, 2026	22.46%	
Funds Available for Debt Service:		
Road Debt Service Fund Balance as of October 13, 2026	$ 120,789	(d)
Water, Sewer and Drainage and Park Debt Service Fund Balance as of October 13, 2026	538,894	(d)
Capitalized Interest from Proceeds of the Bonds (Twelve (12) Months)	453,500	(d)(e)
Total Funds Available for Debt Service	$1,113,183	
Funds Available for Maintenance and Operations as of October 13, 2026	$708,318	
Funds Available for Water, Sewer and Drainage and Park Capital Projects as of October 13, 2026	$203,091	(f)

(a) The 2026 Taxable Assessed Valuation shown herein includes $177,896,881 of certified value and $8,962,487 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on September 1, 2026. No tax will be levied on such amount until it is certified by the Appraisal District. Increases in value occurring between January 1, 2026 and September 1, 2026 will be certified as of January 1, 2027. See "TAXING PROCEDURES."

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

(d) Although all of the District's debt, including the Outstanding Bonds and the Bonds, has been issued on a parity basis and is payable from an unlimited tax pledge, a portion of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on the bonds issued for the purpose of financing road facilities or to refund such bonds and bonds issued for the purpose of financing water, sewer and drainage facilities and park and recreational facilities or to refund such bonds, including the Bonds, and deposited into separate sub-accounts within the District's Bond Fund. See "THE BONDS—Funds."

(e) The District will capitalize an amount equal to the lesser of $453,500 or twelve (12) months of interest from proceeds of the Bonds. The amount above is estimated at 5.00%. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

(f) The District will contribute $201,000 of surplus Water, Sewer and Drainage and Park Capital Projects Funds towards the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, 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 the purpose of acquiring or constructing water, sewer and drainage facilities and one series of unlimited tax bonds for the purpose of acquiring or constructing road facilities. The following table lists the original principal amount of such bonds by series and the principal amount of such bonds that remain outstanding as of the date hereof (the "Outstanding Bonds").

Series		Original Principal Amount	Outstanding Bonds
2024	(a)	$ 8,375,000	$ 8,195,000
2025		15,000,000	15,000,000
Total		$23,375,000	$23,195,000

(a) Unlimited tax road bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the estimated debt service on the Bonds at an estimated interest rate per annum of 5.75%. This schedule does not reflect the fact that the District capitalized eighteen (18) months of interest from proceeds of the Series 2025 Bonds in November 2025 and will capitalize an amount equal to the lesser of $453,500 or twelve (12) months of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Debt Service Requirements
		Principal	Interest	Total	
2027	$ 1,565,000.00	$ -	$ 370,862.22	$ 370,862.22	$ 1,935,862.22
2028	1,557,662.50	-	521,525.00	521,525.00	2,079,187.50
2029	1,548,700.00	380,000	510,600.00	890,600.00	2,439,300.00
2030	1,542,950.00	380,000	488,750.00	868,750.00	2,411,700.00
2031	1,530,412.50	380,000	466,900.00	846,900.00	2,377,312.50
2032	1,521,087.50	380,000	445,050.00	825,050.00	2,346,137.50
2033	1,514,650.00	380,000	423,200.00	803,200.00	2,317,850.00
2034	1,506,100.00	380,000	401,350.00	781,350.00	2,287,450.00
2035	1,507,425.00	380,000	379,500.00	759,500.00	2,266,925.00
2036	1,517,725.00	380,000	357,650.00	737,650.00	2,255,375.00
2037	1,521,425.00	380,000	335,800.00	715,800.00	2,237,225.00
2038	1,528,393.75	380,000	313,950.00	693,950.00	2,222,343.75
2039	1,538,312.50	380,000	292,100.00	672,100.00	2,210,412.50
2040	1,546,025.00	380,000	270,250.00	650,250.00	2,196,275.00
2041	1,556,125.00	380,000	248,400.00	628,400.00	2,184,525.00
2042	1,563,634.38	380,000	226,550.00	606,550.00	2,170,184.38
2043	1,573,537.50	375,000	204,843.75	579,843.75	2,153,381.25
2044	1,581,084.38	375,000	183,281.25	558,281.25	2,139,365.63
2045	1,591,165.63	375,000	161,718.75	536,718.75	2,127,884.38
2046	1,598,671.88	375,000	140,156.25	515,156.25	2,113,828.13
2047	1,608,493.75	375,000	118,593.75	493,593.75	2,102,087.50
2048	1,620,521.88	375,000	97,031.25	472,031.25	2,092,553.13
2049	1,633,809.38	375,000	75,468.75	450,468.75	2,084,278.13
2050	1,643,225.00	375,000	53,906.25	428,906.25	2,072,131.25
2051	1,073,625.00	375,000	32,343.75	407,343.75	1,480,968.75
2052	-	375,000	10,781.25	385,781.25	385,781.25
Total	$ 38,489,762.50	$ 9,070,000	$ 7,130,562.22	$ 16,200,562.22	$ 54,690,324.72

Average Annual Debt Service Requirements (2027-2052) $2,103,474
Maximum Annual Debt Service Requirement (2029) $2,439,300

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	0.030%	$ 885,725
Harris County Flood Control District	1,001,580,000		9/30/2026	0.030%	300,474
Harris County Hospital District	1,644,825,000		9/30/2026	0.030%	493,448
Harris County Department of Education	28,960,000		9/30/2026	0.030%	8,688
Port of Houston Authority	386,074,397		9/30/2026	0.030%	115,822
Waller Independent School District	1,079,320,000		9/30/2026	1.340%	14,462,888
WCID 164	22,275,000	(b)	9/30/2026	14.68%	3,269,970
Total Estimated Overlapping Debt					$ 19,537,014
The District	32,265,000		(c)	100.00%	32,265,000
Total Direct and Estimated Overlapping Debt					$ 51,802,014

Direct and Estimated Overlapping Debt as a Percentage of:
2026 Taxable Assessed Valuation of $186,859,368 ..... 27.72%
Estimated Taxable Assessed Valuation as of September 1, 2026 of $230,689,399 ..... 22.46%

(a) Excludes the Harris County Toll Road. 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) See "RISK FACTORS—Overlapping Debt and Taxes."
(c) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

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

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District Harris County Hospital District, Harris County Department of Education and the Port of Houston Authority)……..	$ 0.676267
Waller Independent School District……..	1.052800
Harris County Water Control and Improvement District No. 164 (a)….	0.400000
Waller-Harris Emergency Services District No. 200……..	0.100000
Total Overlapping Tax Rate……..	$ 2.229067
The District (b)……..	1.100000
Total Tax Rate……..	$ 3.329067

(a) See "RISK FACTORS—Overlapping Debt and Taxes."
(b) 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" herein, 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 7, 2022, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 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 (a)
Debt Service	$ 0.715	$ 0.325	$ -	$ -	$ -
Maintenance and Operations	0.385	0.775	1.100	1.100	1.100
Total	$ 1.100	$ 1.100	$ 1.100	$ 1.100	$ 1.100

(a) The District's initial year of taxation.

Historical Tax Collections

The District's initial year of taxation was 2022 and the total tax rate in 2022 was $1.10 per $100 assessed valuation. In tax year 2022, the majority of the District's value was deferred home taxation due to agricultural exemptions and total tax collections were less than $1,000 and paid in full. 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
2023	$ 6,220,232	$ 1.10	$ 68,423	$ 68,423	100.00%
2024	38,131,514	1.10	419,447	419,447	100.00%
2025	117,814,076	1.10	1,295,955	1,295,580	99.97%
2026	186,859,368	1.10	2,055,453	(d)	(d)

(a) Represents taxable assessed value as certified by the Appraisal District less any exemptions granted. See "—Tax Roll Information" herein for taxable assessed 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 collection. Taxes for 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 related to the uncertified portion ($8,962,487) of the 2026 Taxable Assessed Valuation of $186,859,368 or the Estimated Taxable Assessed Valuation as of September 1, 2026 of $230,689,399 are not available as of the date hereof.

Tax Year	Type of Property			Gross Assessed Valuation	Deferments and Exemptions	Uncertified Value	Taxable Assessed Valuation
	Land	Improvements	Personal Property				
2022	$ 8,191,019	$ -	$ -	$ 8,191,019	$ (8,171,414)	$ -	$ 19,605
2023	7,951,524	-	-	7,951,524	(1,731,292)	-	6,220,232
2024	32,205,145	7,698,629	248,677	40,152,451	(2,020,937)	-	38,131,514
2025	39,236,851	87,447,595	1,058,247	127,742,693	(9,928,617)	-	117,814,076
2026	57,718,729	132,986,686	1,061,007	191,766,422	(13,869,541)	8,962,487	186,859,368

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 ($177,896,881) of the 2026 Taxable Assessed Valuation of $186,859,368. This represents ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($8,962,487) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of September 1, 2026 of $230,689,399 are not available as of the date hereof.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Westin Homes and Properties LP (a)	$ 6,803,340	3.82%
Weekley Homes LLC (a)	5,806,531	3.26%
Grand Prairie Development LLC (b)	5,759,508	3.24%
Perry Homes LLC (a)	4,157,188	2.34%
Camelia Land & Properties LLC	1,936,462	1.09%
Shea Homes Houston LLC (a)	1,509,691	0.85%
Emptor WRRD 16663 39 LLC (b)	1,330,278	0.75%
OHC AW Pool I LLC	956,800	0.54%
Individual	608,345	0.34%
Individual	596,942	0.34%
Total	$ 29,465,085	16.56%

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

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 2026 Taxable Assessed Valuation of $186,859,368 ($177,896,881 of certified value and $8,962,487 of uncertified value), and Estimated Taxable Assessed Valuation as of September 1, 2026 of $230,689,399. 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)	$2,103,474
$1.19 Tax Rate on 2026 Taxable Assessed Valuation	$2,112,445
$0.96 Tax Rate on Estimated Taxable Assessed Valuation as of September 1, 2026	$2,103,887
Maximum Annual Debt Service Requirement (2029)	$2,439,300
$1.38 Tax Rate on 2026 Taxable Assessed Valuation	$2,449,726
$1.12 Tax Rate on Estimated Taxable Assessed Valuation as of September 1, 2026	$2,454,535

No representations or suggestions are made that the uncertified portion ($8,962,487) of the 2026 Taxable Assessed Valuation, or the Estimated Taxable Assessed Valuation as of September 1, 2026 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Harris Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Harris County, including the District. Such appraisal values are subject to review and change by the Harris Central Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately-owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. 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 not exercised its option to tax goods-in-transit personal property, but may choose to do so in the future.

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 Operation 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, no land within the District was 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 certain special districts, including the District, 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. See "SELECTED FINANCIAL INFORMATION" and "TAX DATA" for a description of the District's current total tax rate.

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 was 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 Collections 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" herein.

Undeveloped Acreage and Vacant Lots

There are approximately 25 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage facilities necessary to the construction of new development and 209 single-family residential lots that remained vacant as of October 13, 2026. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding programs. Future increases in value will result primarily from the construction of homes by Builders. Failure of the Developers to develop the developable land or of homebuilders to construct taxable improvements on the land could restrict the rate of growth of taxable values in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

Developer/Property Owners Obligation to the District

There are no commitments from or obligations of the Developers or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or 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.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots which are currently being marketed by the Developers 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 affecting 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 could tend to restrict the growth of property values in the District or could adversely impact such values. See "—Credit Markets and Liquidity in the Financial Markets" below and "THE DISTRICT—Homebuilding."

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 34 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 in the District, which is approximately 34 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 The Grand Prairie. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Increase in Costs of Building Materials

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many homebuilders and general contractors to experience budget overruns. Further, the unpredictable nature of current trade policy (including the threatened imposition of tariffs) may impact the ability of the Developers or homebuilders in the 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 Developers 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 2026 Taxable Assessed Valuation is $186,859,368 ($177,896,881 of certified value and $8,962,487 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $2,439,300 (2029), and the average annual debt service requirement will be $2,103,474 (2027-2052, inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $1.38 and $1.19 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. The Estimated Taxable Assessed Valuation as of September 1, 2026 is $230,689,399, which reduces the above tax calculations to $1.12 and $0.96 per $100 of taxable assessed valuation, 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 uncertified portion ($8,962,487) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of September 1, 2026 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

Overlapping Debt and Taxes

All land within the District is included within the boundaries of WCID 164 and is also subject to taxation by WCID 164. WCID 164 is authorized to issue unlimited tax bonds in a maximum principal amount of $528,300,000 for drainage purposes, $252,500,000 for recreation purposes and $122,850,000 for road purposes without additional voter approval. WCID 164 levied a 2026 tax rate in the amount of $0.40 per $100 of taxable assessed valuation, of which $0.20 per $100 of taxable assessed valuation is allocated to debt service and $0.20 per $100 of taxable assessed valuation is allocated to maintenance and operations. WCID 164 has previously issued $22,380,000 principal amount of unlimited tax bonds, of which $22,275,000 principal amount remains outstanding as of the date hereof. The District's 2026 tax rate of $1.10 per $100 of taxable assessed valuation, in combination with the 2026 tax rate of WCID 164 is $1.50 per $100 of taxable assessed valuation. The District cannot represent whether any of the development planned or occurring in WCID 164 will be successful or whether the appraised valuation of the land located within WCID 164 will justify continued payment of the taxes by property owners. An increase in WCID 164'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 164 and the District.

The tax rate that may be required to service debt on any bonds issued by the District or WCID 164 is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Harris County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of $1.50 per $100 of taxable assessed valuation for the District and WCID 164 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 park 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 164. The current combined tax rate of the District and WCID 164 is consistent with the rules of the TCEQ. If the total combined tax rate of the District and WCID 164 should ever exceed $1.50 per $100 of taxable assessed valuation, the District and WCID 164 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, "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes."

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.

Extreme Weather Events

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

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

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Atlas 14

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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 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 $157,750,000 principal amount of unlimited tax bonds for purpose of acquiring or constructing water, sewer and drainage facilities and $46,280,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. After issuance of the Bonds, $133,680,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and $37,905,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities will remain authorized but unissued. The District's voters have also authorized a total of $67,150,000 principal amount of unlimited tax bonds for the purposes of acquiring or constructing park and recreational facilities, $47,400,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding water, sewer and drainage facilities bonds of the District, $13,900,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding road facilities bonds of the District and $20,200,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding park and recreational 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 water, sewer, and drainage facilities, road facilities, and park and recreational facilities, and for refunding outstanding bonds of the District. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District. The issuance of additional bonds for water, sewer, drainage and park 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 Developers in the amount of approximately $10,500,000 plus interest for advances made for the engineering and construction of water, sewer and drainage facilities, approximately $6,000,000 plus interest for advances made for acquiring or constructing road facilities, and approximately $5,200,000 plus interest for advances made for the engineering and construction of park and recreational facilities; however, the principal amount of bonds (outstanding bonds must be taken into account) issued to finance park and recreational facilities may not exceed one percent (1%) of the value of taxable property in the District at the time of issuance of the bonds, or in the event the District meets certain conditions, three percent (3%) of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan. The District intends to issue additional bonds in order to fully reimburse the Developers and to provide such facilities to the remainder of undeveloped but developable land (approximately 25 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" herein 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.

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."

Cybersecurity

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Bonds, which insurance is mandatory. When the Policy is issued, investors should be aware of the following investment considerations.

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

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

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

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" herein. 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.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District will designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."

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 corporations' "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 may be 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 "—Collateral Federal Income Tax Consequences" 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 may be 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 AND MUNICIPAL BOND INSURANCE

The District has not applied for an underlying investment grade rating nor is it expected that the District would have been successful if such application had been made. The District has submitted applications to municipal bond insurers for a contract for municipal bond insurance on the Bonds. The purchase of municipal bond insurance with an associated rating of at least "AA" from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC or "Aa" from Moody's Investors Service is mandatory, at the expense of the Underwriter, including any rating fees associated with the insurance. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from 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," "WATER, WASTEWATER AND DRAINAGE," "ROADS," and "MAJOR CHANNEL AND DETENTION IMPROVEMENTS" has been provided by Pape-Dawson, LLC, 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 April 30, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis, PLLC, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's April 30, 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," "—Principal Taxpayers," and "—Tax Adequacy for Debt Service" (most of which information is contained in the District's annual audited financial statements) and in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 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 April 30. Accordingly, it must provide updated information by October 31 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 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 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.

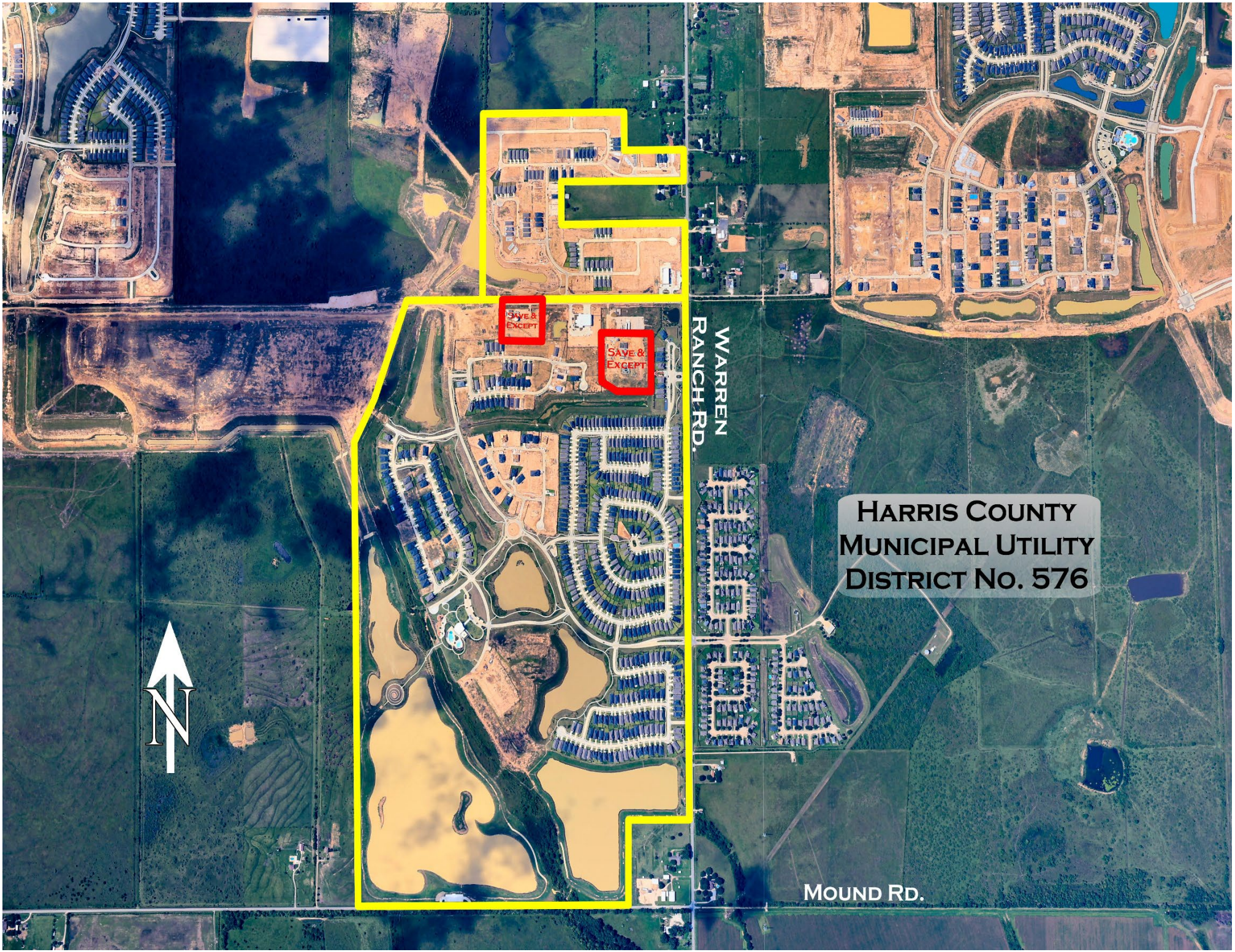
/s/ _____
President, Board of Directors

ATTEST:

/s/ _____
Secretary, Board of Directors

AERIAL LOCATION MAP

(Approximate boundaries as of July 2026)


SAVE & EXCEPT
SAVE & EXCEPT
WARREN RANCH RD.
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
N
MOUND RD.

PHOTOGRAPHS OF THE DISTRICT

(Taken November 2026)












David Weekley Homes
AVAILABLE




DRYline




DRYline
DRYline
DRYline




COMING SOON!
PRIMESPOT
281-216-7974

APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended April 30, 2026

The information contained in this appendix includes the audited financial statements of Harris County Municipal Utility District No. 576 and certain supplemental information for the fiscal year ended April 30, 2026.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

T A B L E O F C O N T E N T S

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-31
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	33
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	35-37
GENERAL FUND EXPENDITURES	38
INVESTMENTS	39
TAXES LEVIED AND RECEIVABLE	40-41
LONG-TERM DEBT SERVICE REQUIREMENTS	42-44
CHANGE IN LONG TERM DEBT	45-46
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - THREE YEARS	47-50
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	51-52

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

Mike M. McCall
(retired)
Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 576
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 576 (the "District") as of and for the year ended April 30, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of April 30, 2026, and the respective changes in financial position 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. 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 the 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 twelve 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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 auditing standards generally accepted in the United States of America, 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.

Board of Directors
Harris County Municipal Utility District No. 576

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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

August 11, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2026

Management's discussion and analysis of Harris County Municipal Utility District No. 576's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisitions or construction of facilities and related costs.

.

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $11,882,161 as of April 30, 2026.

A portion of the District's net position reflects its net investment in capital assets (the water, wastewater and drainage systems less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water, sewer and drainage services.

The following table is a comparative analysis of the government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 3,152,508	$ 1,041,523	$ 2,110,985
Capital Assets (Net of Accumulated Depreciation)	18,131,738	11,015,593	7,116,145
Total Assets	$ 21,284,246	$ 12,057,116	$ 9,227,130
Due to Developer	$ 9,040,676	$ 12,269,010	$ 3,228,334
Bonds Payable	23,346,210	8,253,430	(15,092,780)
Other Liabilities	779,521	463,631	(315,890)
Total Liabilities	$ 33,166,407	$ 20,986,071	$ (12,180,336)
Net Position:			
Net Investment in Capital Assets	$ (13,774,735)	$ (8,734,847)	$ (5,039,888)
Restricted	1,179,815	475,614	704,201
Unrestricted	712,759	(669,722)	1,382,481
Total Net Position	$ (11,882,161)	$ (8,928,955)	$ (2,953,206)

The following table provides a summary of the District's operations for the years ended April 30, 2026, and April 30, 2025.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,312,522	$ 416,830	$ 895,692
Charges for Services	1,383,656	997,828	385,828
Other Revenues	170,950	33,877	137,073
Total Revenues	$ 2,867,128	$ 1,448,535	$ 1,418,593
Expenses for Services	5,820,334	3,887,220	(1,933,114)
Change in Net Position	$ (2,953,206)	$ (2,438,685)	$ (514,521)
Net Position, Beginning	(8,928,955)	(6,490,270)	(2,438,685)
Net Position, Ending	$ (11,882,161)	$ (8,928,955)	$ (2,953,206)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's combined fund balances as of April 30, 2026, were $2,510,002, an increase of $1,913,589 from the prior year.

The General Fund fund balance increased by $883,843, primarily due to service revenues and tax revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by $841,333, primarily due to the sale of bonds and the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by $188,413, primarily due to the sale of bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current year. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. Actual revenues were $110,155 more than budgeted, actual expenditures were $138,250 more than budgeted expenditures and actual developer advances and transfers in were $160,000 more than budgeted. This resulted in a positive budget variance of $131,905. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of April 30, 2026, total $18,131,738 (net of accumulated depreciation) and includes the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets, Net of Accumulated Depreciation:			
Water System	$ 5,067,320	$ 2,867,665	$ 2,199,655
Wastewater System	8,250,411	3,897,547	4,352,864
Drainage System	4,814,007	4,250,381	563,626
Total Net Capital Assets	$ 18,131,738	$ 11,015,593	$ 7,116,145

Additional information on the District's capital assets can be found in Note 6 of this report.

LONG-TERM DEBT

As of April 30, 2026, the District recorded an amount due to the Developer of $9,040,676 which consists of advances and completed projects paid by the Developer during the previous and current fiscal years.

As of April 30, 2026, the District had total bond debt payable of $23,375,000.

The changes in the debt position of the District during the fiscal year ended April 30, 2026, are summarized as follows:

Bond Debt Payable, May 1, 2025	$ 8,375,000
Add: Bond Sale	15,000,000
Bond Debt Payable, April 30, 2026	$ 23,375,000

The Series 2024 road bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty. The Series 2025 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual.

The above rating is as of April 30, 2026, and reflect all rating changes of the bond insurers through the year then ended.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 576, c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 2400, Houston, TX 77056.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 282,250	$ 32,698
Investments	1,209,529	1,047,378
Receivables:		
Property Taxes	32,217	13,510
Service Accounts	143,164	
Due from Other Funds	41,029	310,000
Prepaid Costs	5,633	
Advance for Master District Operations	197,716	
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 1,911,538	$ 1,403,586

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 410	$ 315,358	$	$ 315,358
188,003	2,444,910		2,444,910
	45,727		45,727
	143,164		143,164
	351,029	(351,029)	
	5,633		5,633
	197,716		197,716
		18,131,738	18,131,738
$ 188,413	$ 3,503,537	$ 17,780,709	$ 21,284,246

The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2026

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 212,085	$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds	310,000	41,029
Security Deposits	384,694	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 906,779	$ 41,029
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 32,217	$ 13,510
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 5,633	$
For Master District Operations	197,716	
Restricted for Authorized Construction		
Restricted for Debt Service		1,349,047
Unassigned	769,193	
TOTAL FUND BALANCES	$ 972,542	$ 1,349,047
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,911,538	$ 1,403,586
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service:		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 212,085	$	$ 212,085
		182,742	182,742
		9,040,676	9,040,676
	351,029	(351,029)	
	384,694		384,694
		480,000	480,000
		22,866,210	22,866,210
$ -0-	$ 947,808	$ 32,218,599	$ 33,166,407
$ -0-	$ 45,727	$ (45,727)	$ -0-
$	$ 5,633	$ (5,633)	$
	197,716	(197,716)	
188,413	188,413	(188,413)	
	1,349,047	(1,349,047)	
	769,193	$ (769,193)	$ -0-
$ 188,413	$ 2,510,002	$ (2,510,002)	$ -0-
$ 188,413	$ 3,503,537		
		$ (13,774,735)	$ (13,774,735)
		1,179,815	1,179,815
		712,759	712,759
		$ (11,882,161)	$ (11,882,161)

The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
APRIL 30, 2026

Total Fund Balances - Governmental Funds		$ 2,510,002
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		18,131,738
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.		45,727
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Due to Developer	(9,040,676)	
Accrued Interest Payable	(182,742)	
Bonds Payable Within One Year	(480,000)	
Bonds Payable After One Year	(22,866,210)	(32,569,628)
Total Net Position - Governmental Activities		$ (11,882,161)

The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 910,879	$ 369,495
Water Service	207,702	
Wastewater Service	339,856	
Tap Connection and Inspection Fees	518,404	
Water Authority Fees	300,955	
Penalty and Interest	12,205	4,534
Investment Revenues	7,658	32,236
Miscellaneous Revenues	117,442	6,709
TOTAL REVENUES	$ 2,415,101	$ 412,974
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 166,806	$ 2,768
Contracted Services	197,453	23,977
Purchased Water Service	172,624	
Purchased Wastewater Service	172,545	
Utilities	33,278	
Water Authority Assessments	299,900	
Repairs and Maintenance	275,800	
Depreciation		
Other	372,852	23,074
Capital Outlay		
Conveyance of Assets		
Developer Interest		
Debt Service:		
Bond Interest		588,697
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 1,691,258	$ 638,516
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 723,843	$ (225,542)
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	$ 50,000	$
Long-Term Debt Issued		1,066,875
Bond Discount		
Bond Premium		
Developer Advances	110,000	
TOTAL OTHER FINANCING SOURCES (USES)	$ 160,000	$ 1,066,875
NET CHANGE IN FUND BALANCES	$ 883,843	$ 841,333
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2025	88,699	507,714
FUND BALANCES/NET POSITION - APRIL 30, 2026	$ 972,542	$ 1,349,047

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,280,374	$ 32,148	$ 1,312,522
	207,702		207,702
	339,856		339,856
	518,404		518,404
	300,955		300,955
	16,739		16,739
6,905	46,799		46,799
	124,151		124,151
$ 6,905	$ 2,834,980	$ 32,148	$ 2,867,128
$	$ 169,574	$	$ 169,574
	221,430		221,430
	172,624		172,624
	172,545		172,545
	33,278		33,278
	299,900		299,900
	275,800		275,800
		335,818	335,818
6,713	402,639		402,639
11,802,169	11,802,169	(11,802,169)	
		1,011,871	1,011,871
665,991	665,991		665,991
	588,697	153,857	742,554
1,316,310	1,316,310		1,316,310
$ 13,791,183	$ 16,120,957	$ (10,300,623)	$ 5,820,334
$ (13,784,278)	$ (13,285,977)	$ 10,332,771	$ (2,953,206)
$ (50,000)	$	$	$
13,933,125	15,000,000	(15,000,000)	
(320,675)	(320,675)	320,675	
410,241	410,241	(410,241)	
	110,000	(110,000)	
$ 13,972,691	$ 15,199,566	$ (15,199,566)	$ -0-
$ 188,413	$ 1,913,589	$ (1,913,589)	$
		(2,953,206)	(2,953,206)
	596,413	(9,525,368)	(8,928,955)
$ 188,413	$ 2,510,002	$ (14,392,163)	$ (11,882,161)

The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED APRIL 30, 2026

Net Change in Fund Balances - Governmental Funds	$	1,913,589
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		32,148
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and the depreciation expense is recorded in the Statement of Activities.		(335,818)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		11,802,169
Governmental funds report bond premiums and bond discounts as other financing sources/uses in the year received/paid. However, in the Statement of Net Position, bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(89,566)
Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.		(1,011,871)
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(153,857)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(15,000,000)
Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.		(110,000)
Change in Net Position - Governmental Activities	$	(2,953,206)

The accompanying notes to the financial statements are an integral part of this report.

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 576 (the "District") was created effective June 15, 2021, pursuant to Chapter 745 (H.B. 4594), Acts of the 87th Legislature, Regular Session 2021, codified as Chapter 7926A of the Texas Special District Local Laws Code. In accordance with the Texas Water Code, Chapters 49 and 54, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, to construct roads, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on August 20, 2021, and issued its first bonds on December 17, 2024.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality (the "Commission").

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of April 30, 2026, the Capital Projects Fund transferred $50,000 to the General Fund for creation costs of the District. The Debt Service Fund recorded a payable of $41,029 to the General Fund for maintenance tax collections. The General Fund recorded a payable of $310,000 to the Debt Service Fund for ad valorem tax collections.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	20-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered "employees" for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

	Series 2024 Road	Series 2025
Amount Outstanding – April 30, 2026	$8,375,000	$15,000,000
Interest Rates	4.00% - 6.50%	4.00% - 6.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2050	March 1, 2027/2051
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2031*	March 1, 2032*

* Or any date thereafter, callable at par plus unpaid accrued interest in whole or in part, at the option of the District.

The following is a summary of transactions regarding long-term liabilities for the year ended April 30, 2026:

	May 1, 2025	Additions	Retirements	April 30, 2026
Bonds Payable	$ 8,375,000	$ 15,000,000	$	$ 23,375,000
Unamortized Discounts	(238,337)	(320,675)	(15,061)	(543,951)
Unamortized Premiums	116,767	410,241	11,847	515,161
Bonds Payable, Net	$ 8,253,430	$ 15,089,566	$ (3,214)	$ 23,346,210

Amount Due Within One Year	$ 480,000
Amount Due After One Year	22,866,210
Bonds Payable, Net	$ 23,346,210

NOTE 3. LONG-TERM DEBT (Continued)

As of April 30, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 480,000	$ 1,090,600	$ 1,570,600
2028	505,000	1,059,075	1,564,075
2029	530,000	1,025,925	1,555,925
2030	560,000	991,150	1,551,150
2031	585,000	954,425	1,539,425
2032-2036	3,420,000	4,179,700	7,599,700
2037-2041	4,385,000	3,320,564	7,705,564
2042-2046	5,645,000	2,288,845	7,933,845
2047-2051	7,265,000	932,708	8,197,708
	$ 23,375,000	$ 15,842,992	$ 39,217,992

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

During the year ended April 30, 2026, the District levied an ad valorem debt service tax at the rate of $0.325 per $100 of assessed valuation, which resulted in a tax levy of $383,005 on the adjusted taxable valuation of $117,847,919 for the 2025 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the respective bonds.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS (Continued)

The bond orders state that the District should take all necessary steps to comply with the requirement that rebatable arbitrage earnings, if any, on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the internal Revenue Code, be rebated to the federal government. The minimum frequency for determining the rebatable amount, if any, is on each five-year anniversary of the bond issue.

The bond orders state that so long as any of the bonds are outstanding, the District agrees to maintain insurance on or self-insure its properties of a kind and in an amount which usually would be carried by private companies operating similar properties and engaged in a similar type of business, but considering any governmental immunities to which the District may be entitled.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $315,358 and the bank balance was $331,644. The District was not exposed to custodial credit risk.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at April 30, 2026, as listed below:

	Cash
GENERAL FUND	$ 282,250
DEBT SERVICE FUND	32,698
CAPITAL PROJECTS FUND	410
TOTAL DEPOSITS	$ 315,358

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

As of April 30, 2026, the District had the following investments and maturities:

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Texas CLASS	$1,209,529	$1,209,529
DEBT SERVICE FUND		
Texas CLASS	1,047,378	1,047,378
CAPITAL PROJECTS FUND		
Texas CLASS	188,003	188,003
TOTAL INVESTMENTS	$2,444,910	$2,444,910

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At April 30, 2026, the District's investment in Texas CLASS was rated "AAAm" by Standard & Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2026:

	May 1, 2025	Increases	Decreases	April 30, 2026
Capital Assets Subject to Depreciation				
Water System	$ 2,997,939	$ 2,290,752	$	$ 5,288,691
Wastewater System	4,057,602	4,491,882		8,549,484
Drainage System	4,441,469		(669,329)	5,110,798
Total Capital Assets Subject to Depreciation	$ 11,497,010	$ 6,782,634	$ (669,329)	$ 18,948,973
Accumulated Depreciation				
Water System	$ 130,274	$ 91,097	$	$ 221,371
Wastewater System	160,055	139,018		299,073
Drainage System	191,088	105,703		296,791
Total Accumulated Depreciation	$ 481,417	$ 335,818	$ -0-	$ 817,235
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 11,015,593	$ 6,446,816	$ (669,329)	$ 18,131,738

NOTE 7. MAINTENANCE TAX

On May 7, 2022, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's facilities as well as any other lawfully authorized purpose. During the year ended April 30, 2026, the District levied an ad valorem maintenance tax rate of $0.775, which resulted in a tax levy of $913,321 on the adjusted taxable valuation of $117,847,919 for the 2025 tax year.

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. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. UNREIMBURSED COSTS

The District has entered into certain financing and reimbursement agreements with a Developer within the District which provides for the Developer to make payments on behalf of the District for various projects and operating advances. The District has an obligation to reimburse the Developer for these costs from future bond issues to the extent approved by the Commission. The District has recorded a liability to the Developer of $9,040,676 for advances and completed projects as of April 30, 2026. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developer.

The following table summarizes the current fiscal year activity related to unreimbursed Developer costs:

Due to Developer, beginning of year	$	12,269,010
Additions		2,512,525
Reimbursements		(5,740,859)
Due to Developer, end of year	$	9,040,676

NOTE 10. CONTRACT FOR FINANCING, OPERATIONS, AND MAINTENANCE OF MASTER WATER AND SANITARY SEWER FACILITIES

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. 570D (District No. 570D), in its capacity as "Master District," pursuant to that certain Contract for Financing, Operation and Maintenance of Master Water and Sanitary Sewer Facilities, dated October 10, 2023, by and among District No. 570D, Harris County Municipal Utility District Nos. 570A, 570C, and the District. District No. 570D 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 Grand Prairie community.

On May 14, 2024, the District and No. 570D entered into a First Supplemental Agreement to the Contract for Financing, Operation and Maintenance of Master Water and Sanitary Sewer Facilities for the purchase of 481 connections for water supply, and 481 connections for wastewater treatment capacity from District No. 570D. On May 13, 2025, the Amended and Restated First Supplemental Agreement was approved. In accordance with the agreement, District No. 570D will charge a connection charge to pay for the costs of constructing regional facilities. As outlined in the agreement, the current connection charges were $4,108.17 per equivalent single-family connection for water supply capacity and a $8,557.27 per equivalent single-family connection for wastewater treatment capacity. These charges are subject to adjustment annually. The District used proceeds from the issuance of their Series 2025 Unlimited tax bonds in the amount of $6,092,077 to fund the 481 connection charges discussed above.

NOTE 10. CONTRACT FOR FINANCING, OPERATIONS, AND MAINTENANCE OF MASTER WATER AND SANITARY SEWER FACILITIES (Continued)

On May 12, 2026, the District and No. 570D entered into a Second Supplemental Agreement to the Contract for Financing, Operation and Maintenance of Master Water and Sanitary Sewer Facilities for the purchase of an additional 301 connections for water supply and 301 connections for wastewater treatment capacity from District No. 570D. As outlined in the second supplemental agreement, the connection charges have been increased to $4,700.00 per equivalent single-family connection for water supply capacity and a $8,700.00 per equivalent single-family connection for wastewater treatment capacity. In addition, the District is required to pay the connection charges increases on the 481 connections previously funded. The total costs for the 301 connections ($4,033,400) and catch-up payment on the 481 connections ($353,323) are expected to be funded from proceeds of the bonds discussed in Note 15.

The contract requires that a percentage of the operation and maintenance expenses and management fees 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 six (6) months of operation and maintenance expenses and management fees of District No. 570D. During the fiscal year ended April 30, 2026, the District recorded $345,047 of expenditures and $197,716 in reserves per this agreement related to purchased water and wastewater services.

NOTE 11. OUT OF DISTRICT SERVICE AGREEMENT

On September 15, 2022, the District entered into an Out of District Service Agreement with Harris County Municipal Utility District No. 405 ("District No. 405"). District No. 405 will reserve and make available to the District 129,675 gallons per day of potable water capacity and 15,300 gallons per day of wastewater collection and treatment capacity prior to the completion of District No. 570D's regional water supply and wastewater treatment systems. The term of the agreement is two years with an optional one-year extension. On August 15, 2024, the agreement was amended to extend the term of the wastewater portion of the agreement until November 15, 2024, while the term of the water portion of the agreement remained as September 14, 2024. For water service, charges will be a base water rate in an amount equal to $38.00 multiplied by the number of physical connections in the District's system, plus a volume charge in an amount equal to $4.50 per 1,000 gallons of water delivered by the District No. 405 and measured by the meter at the point of connection. In addition, Authority fees provided for in District No. 405's then-current rate order will apply to all water delivered by District No. 405. For sewer service, charges will be a base sewer rate in an amount equal to $71.92 multiplied by the number of physical connections in the District's system. During the current fiscal year, the District recorded $122 of purchased water costs per this Agreement.

NOTE 12. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the "Act"), as passed by the seventy-seventh Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater and of groundwater reservoirs or their subdivisions, the control of subsidence caused by withdrawal of water from those groundwater reservoirs of their subdivision.

The Authority charges a fee which enables it to fulfill its purpose and regulatory functions. The current groundwater pumpage fee charged by the Authority is $3.95 per 1,000 gallons of water pumped from each well. During the current year, the District recorded expenditures of $299,900 in relation to these fees.

NOTE 13. BOND SALE

On November 18, 2025, the District closed on the sale of $15,000,000 of Unlimited Tax Bonds, Series 2025. Proceeds from the bond sale were used to reimburse Developer for construction and engineering cost for water, wastewater and drainage for Grand Prairie Section 1 & 2, temporary force main for Grand Prairie Section 2 and 481 connection charges with Harris County Municipal Utility District No. 570D, See Note 10. Additional proceeds were used to pay for developer interest, capitalized interest, developer advances and issuance costs of the bonds.

NOTE 14. ECONOMIC DEPENDENCY

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

Since inception, the Developer has advanced $882,000 to the District for operations of which the District has reimbursed $590,000 with $292,000 remaining due to the Developer as of April 30, 2026. These advances less any amounts reimbursed to Developer, have been recorded as liabilities in the government-wide financial statements and are anticipated to be reimbursed to the Developer from proceeds of the bonds discussed in Note 15.

NOTE 15. PENDING BOND APPLICATION

The District currently has a pending bond application with the Commission for its Series 2026 Unlimited Tax Bonds in the amount of $9,070,000. Once approval is obtained and the sale occurs, it is anticipated that the proceeds from the sale of the bonds will be used to reimburse the Developer for construction and engineering costs for water, wastewater and drainage for Grand Prairie Section 2, 3, 4 and 9, as well as to fund the connection charges discussed in Note 10. Additional proceeds will be used to fund capitalized interest, developer advances and to pay issuance costs of the bonds.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2026

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 1,121,120	$ 1,121,120	$ 910,879	$ (210,241)
Water Service	182,557	182,557	207,702	25,145
Wastewater Service	242,197	242,197	339,856	97,659
Tap Connection and Inspection Fees	340,226	340,226	518,404	178,178
Water Authority Fees	279,505	279,505	300,955	21,450
Penalty and Interest	15,890	15,890	12,205	(3,685)
Investment Revenues	3,600	3,600	7,658	4,058
Miscellaneous Revenues	22,714	119,851	117,442	(2,409)
TOTAL REVENUES	$ 2,207,809	$ 2,304,946	$ 2,415,101	$ 110,155
EXPENDITURES				
Service Operations:				
Professional Fees	$ 182,000	$ 182,000	$ 166,806	$ 15,194
Contracted Services	125,478	191,525	197,453	(5,928)
Purchased Water Service	286,806	168,508	172,624	(4,116)
Purchased Wastewater Service	189,281	168,508	172,545	(4,037)
Utilities	22,958	28,996	33,278	(4,282)
Water Authority Assessments	279,505	279,505	299,900	(20,395)
Repairs and Maintenance	470,879	215,000	275,800	(60,800)
Other	316,563	318,966	372,852	(53,886)
TOTAL EXPENDITURES	$ 1,873,470	$ 1,553,008	$ 1,691,258	$ (138,250)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 334,339	$ 751,938	$ 723,843	$ (28,095)
OTHER FINANCING SOURCES(USES)				
Transfers In	$	$	$ 50,000	$ 50,000
Developer Advances			110,000	110,000
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ -0-	$ 160,000	$ 160,000
NET CHANGE IN FUND BALANCE	$ 334,339	$ 751,938	$ 883,843	$ 131,905
FUND BALANCE - MAY 1, 2025	88,699	88,699	88,699	$ -0-
FUND BALANCE - APRIL 30, 2026	$ 423,038	$ 840,637	$ 972,542	$ 131,905

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

APRIL 30, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2026

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection		Security
X	Solid Waste/Garbage		Flood Control		Roads
X	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

The following rates are based on the rate order effective August 1, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 15.00	5,000	N	$ 1.75	5,001 to 10,000
				$ 2.50	10,001 to 15,000
				$ 3.25	15,001 to 20,000
				$ 4.00	20,001 to 30,000
				$ 5.00	30,001 and up
WASTEWATER:	$ 57.67		Y		
SURCHARGE: Regional Water Authority Fees	$ 4.35 per 1,000 gallons				

District employs winter averaging for wastewater usage? ____ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $23.75 Wastewater: $57.67 Surcharge: $43.50 Total: $124.92

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	576	573	x 1.0	573
1"	7	7	x 2.5	18
1½"			x 5.0	
2"	17	17	x 8.0	136
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"	2	2	x 115.0	230
Total Water Connections	603	600		1,037
Total Wastewater Connections	584	581	x 1.0	581

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Water Accountability Ratio: 100%
(Gallons billed and sold/Gallons pumped and purchased)

Gallons billed to customers:	69,372,000	
Gallons purchased:	69,372,000	From: Harris County Municipal Utility District No. 570D

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2026

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely X Partly _____ Not at all _____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2026

PROFESSIONAL FEES:		
Auditing	$	18,000
Engineering		66,541
Legal		82,265
TOTAL PROFESSIONAL FEES	$	166,806
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	172,624
Purchased Wastewater Service		172,545
TOTAL PURCHASED SERVICES FOR RESALE	$	345,169
CONTRACTED SERVICES:		
Bookkeeping	$	60,741
Operations and Billing		23,685
Solid Waste Disposal		113,027
TOTAL CONTRACTED SERVICES	$	197,453
UTILITIES	$	33,278
REPAIRS AND MAINTENANCE	$	275,800
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	11,419
Election Costs		4,017
Insurance		5,794
Office Supplies and Postage		8,917
SB 2 Compliance		3,750
Travel and Meetings		377
Other		11,119
TOTAL ADMINISTRATIVE EXPENDITURES	$	45,393
TAP CONNECTIONS	$	245,778
OTHER EXPENDITURES:		
Laboratory Fees	$	2,684
Inspection Fees		62,714
Water Authority Assessments		299,900
Regulatory Assessment		2,427
Other		13,856
TOTAL OTHER EXPENDITURES	$	381,581
TOTAL EXPENDITURES	$	1,691,258

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
INVESTMENTS
APRIL 30, 2026

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0001	Varies	Daily	$ 1,209,529	$ -0-
DEBT SERVICE FUND					
Texas CLASS	XXXX0003	Varies	Daily	$ 136,634	$
Texas CLASS	XXXX0005	Varies	Daily	910,744	
TOTAL DEBT SERVICE FUND				$ 1,047,378	$ -0-
CAPITAL PROJECTS FUND					
Texas CLASS	XXXX0004	Varies	Daily	$ 188,003	$ -0-
TOTAL - ALL FUNDS				$ 2,444,910	$ -0-

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - MAY 1, 2025	$ 13,579		$	
Adjustments to Beginning Balance	16,196	$ 29,775		$
Original 2025 Tax Levy	$ 880,940		$ 369,427	
Adjustment to 2025 Tax Levy	32,381	913,321	13,578	383,005
TOTAL TO BE ACCOUNTED FOR		$ 943,096		$ 383,005
TAX COLLECTIONS:				
Prior Years	$ 29,775		$	
Current Year	881,104	910,879	369,495	369,495
TAXES RECEIVABLE - APRIL 30, 2026		$ 32,217		$ 13,510
TAXES RECEIVABLE BY YEAR:				
2025		$ 32,217		$ 13,510

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 126,255,312	$ 39,430,276	$ 7,951,524	$ 1,732,542
Personal Property	1,058,247	336,011		18,355
Exemptions	(9,465,640)	(1,872,687)	(1,731,292)	(1,731,292)
TOTAL PROPERTY VALUATIONS	$ 117,847,919	$ 37,893,600	$ 6,220,232	$ 19,605
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.325	$ 0.00	$ 0.00	$ 0.00
Maintenance	0.775	1.10	1.10	1.10
TOTAL TAX RATES PER $100 VALUATION	$ 1.10	$ 1.10	$ 1.10	$ 1.10
ADJUSTED TAX LEVY*	$ 1,296,326	$ 416,838	$ 68,422	$ 216
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	96.47 %	100.00 %	100.00 %	100.00 %

* Based on the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate not to exceed $1.50 per $100 of assessed valuation approved by voters on May 7, 2022.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	SERIES-2024 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 180,000	$ 379,350	$ 559,350
2028	190,000	367,325	557,325
2029	200,000	354,650	554,650
2030	210,000	341,325	551,325
2031	220,000	327,350	547,350
2032	230,000	312,725	542,725
2033	240,000	297,450	537,450
2034	250,000	281,525	531,525
2035	265,000	268,100	533,100
2036	275,000	257,300	532,300
2037	290,000	246,000	536,000
2038	300,000	234,200	534,200
2039	315,000	221,900	536,900
2040	330,000	209,000	539,000
2041	345,000	195,500	540,500
2042	365,000	181,300	546,300
2043	380,000	166,163	546,163
2044	400,000	150,075	550,075
2045	420,000	133,163	553,163
2046	440,000	115,425	555,425
2047	460,000	96,863	556,863
2048	480,000	77,475	557,475
2049	505,000	56,844	561,844
2050	530,000	34,850	564,850
2051	555,000	11,794	566,794
	$ 8,375,000	$ 5,317,652	$ 13,692,652

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	SERIES-2025		
	Principal Due March 1	Interest Due September 1/ March 1	Total
2027	$ 300,000	$ 711,250	$ 1,011,250
2028	315,000	691,750	1,006,750
2029	330,000	671,275	1,001,275
2030	350,000	649,825	999,825
2031	365,000	627,075	992,075
2032	385,000	603,350	988,350
2033	410,000	578,325	988,325
2034	430,000	551,675	981,675
2035	455,000	523,725	978,725
2036	480,000	505,525	985,525
2037	505,000	486,325	991,325
2038	530,000	466,125	996,125
2039	560,000	444,263	1,004,263
2040	590,000	421,163	1,011,163
2041	620,000	396,088	1,016,088
2042	655,000	368,963	1,023,963
2043	690,000	340,306	1,030,306
2044	725,000	310,119	1,035,119
2045	765,000	278,400	1,043,400
2046	805,000	244,931	1,049,931
2047	850,000	209,713	1,059,713
2048	895,000	172,525	1,067,525
2049	945,000	133,369	1,078,369
2050	995,000	92,025	1,087,025
2051	1,050,000	47,250	1,097,250
	$ 15,000,000	$ 10,525,340	$ 25,525,340

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2026

Due During Fiscal Years Ending April 30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 480,000	$ 1,090,600	$ 1,570,600
2028	505,000	1,059,075	1,564,075
2029	530,000	1,025,925	1,555,925
2030	560,000	991,150	1,551,150
2031	585,000	954,425	1,539,425
2032	615,000	916,075	1,531,075
2033	650,000	875,775	1,525,775
2034	680,000	833,200	1,513,200
2035	720,000	791,825	1,511,825
2036	755,000	762,825	1,517,825
2037	795,000	732,325	1,527,325
2038	830,000	700,325	1,530,325
2039	875,000	666,163	1,541,163
2040	920,000	630,163	1,550,163
2041	965,000	591,588	1,556,588
2042	1,020,000	550,263	1,570,263
2043	1,070,000	506,469	1,576,469
2044	1,125,000	460,194	1,585,194
2045	1,185,000	411,563	1,596,563
2046	1,245,000	360,356	1,605,356
2047	1,310,000	306,576	1,616,576
2048	1,375,000	250,000	1,625,000
2049	1,450,000	190,213	1,640,213
2050	1,525,000	126,875	1,651,875
2051	1,605,000	59,044	1,664,044
	$ 23,375,000	$ 15,842,992	$ 39,217,992

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2026

Description	Original Bonds Issued	Bonds Outstanding May 1, 2025
Harris County Municipal Utility District No. 576 Unlimited Tax Road Bonds - Series 2024	$ 8,375,000	$ 8,375,000
Harris County Municipal Utility District No. 576 Unlimited Tax Bonds - Series 2025	15,000,000	
TOTAL	$ 23,375,000	$ 8,375,000

Bond Authority:	Tax Bonds	Refunding Bonds	Road Bonds
Amount Authorized by Voters	$ 157,500,000	$ 81,500,000	$ 37,905,000
Amount Issued	15,000,000		8,375,000
Remaining to be Issued	$ 142,500,000	$ 81,500,000	$ 29,530,000

Debt Service Fund cash, investments and cash with paying agent balances as of April 30, 2026:	$ 1,080,076
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,568,720

See Note 3 for interest rate, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	April 30, 2026	Paying Agent
$	$	$ 385,200	$ 8,375,000	The Bank of New York Mellon Trust Company Houston, TX
15,000,000		203,497	15,000,000	The Bank of New York Mellon Trust Company Houston, TX
$ 15,000,000	$ - 0 -	$ 588,697	$ 23,375,000	

Park Bonds
$ 67,150,000
$ 67,150,000

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - THREE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 910,879	$ 403,259	$ 68,455
Water Service	207,702	174,594	21,794
Wastewater Service	339,856	246,101	41,811
Tap Connection and Inspection Fees	518,404	359,118	345,975
Water Authority Fees	300,955	203,363	18,457
Penalty and Interest	12,205	14,652	1,565
Investment Revenues	7,658	3,019	2,162
Miscellaneous Revenues	117,442	21,591	67,373
TOTAL REVENUES	$ 2,415,101	$ 1,425,697	$ 567,592
EXPENDITURES			
Professional Fees	$ 166,806	$ 292,527	$ 106,817
Contracted Services	197,453	129,560	47,800
Purchased Water Service	172,624	272,734	21,906
Purchased Wastewater Service	172,545	302,310	1,295
Utilities	33,278	22,359	4,663
Water Authority Assessments	299,900	237,078	
Repairs and Maintenance	275,800	390,111	38,514
Other	372,852	294,610	230,099
TOTAL EXPENDITURES	$ 1,691,258	$ 1,941,289	$ 451,094
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 723,843	$ (515,592)	$ 116,498
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ 50,000	$	$
Developer Advances	110,000	355,000	150,000
TOTAL OTHER FINANCING SOURCES (USES)	$ 160,000	$ 355,000	$ 150,000
NET CHANGE IN FUND BALANCE	$ 883,843	$ (160,592)	$ 266,498
BEGINNING FUND BALANCE	88,699	249,291	(17,207)
ENDING FUND BALANCE (DEFICIT)	$ 972,542	$ 88,699	$ 249,291

See accompanying independent auditor's report.

Percentage of Total Revenues		
2026	2025	2024
37.6 %	28.3 %	11.9 %
8.6	12.2	3.8
14.1	17.3	7.4
21.5	25.2	61.0
12.5	14.3	3.3
0.5	1.0	0.3
0.3	0.2	0.4
4.9	1.5	11.9
100.0 %	100.0 %	100.0 %
6.9 %	20.5 %	18.8 %
8.2	9.1	8.4
7.1	19.1	3.9
7.1	21.2	0.2
1.4	1.6	0.8
12.4	16.6	
11.4	27.4	6.8
15.4	20.7	40.5
69.9 %	136.2 %	79.4 %
30.1 %	(36.2) %	20.6 %

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - THREE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 369,495		
Penalty and Interest	4,534		
Investment Revenues	32,236	9,094	
Miscellaneous Revenues	6,709		N/A
TOTAL REVENUES	$ 412,974	9,094	N/A
EXPENDITURES			
Tax Collection Expenditures	$ 49,069		
Debt Service Interest and Fees	589,447	79,180	N/A
TOTAL EXPENDITURES	$ 638,516	79,180	N/A
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (225,542)	(70,086)	N/A
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ 1,066,875	$ 577,800	N/A
NET CHANGE IN FUND BALANCE	$ 841,333	507,714	N/A
BEGINNING FUND BALANCE	507,714		
ENDING FUND BALANCE	$ 1,349,047	507,714	N/A
TOTAL ACTIVE RETAIL WATER CONNECTIONS	600	402	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	581	392	N/A

See accompanying independent auditor's report.

Percentage of Total Revenue		
2026	2025	2024
89.5 %	%	%
1.1		
7.8	100.0	
1.6		N/A
100.0 %	100.0 %	N/A %
11.9 %	%	%
142.7	870.7	N/A
154.6 %	870.7 %	N/A %
(54.6) %	(770.7) %	N/A %

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2026

District Mailing Address - Harris County Municipal Utility District No. 576
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Boulevard, Suite 2400
Houston, TX 77056-3078

District Telephone Number - (713) 623-4531

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended April 30, 2026	Expense Reimbursements for the year ended April 30, 2026	Title
Henry M. Crosswell, IV	05/2022 - 05/2026 (Elected)	$ 1,326	$ -0-	President
Aaron L. Brown	05/2024 - 05/2028 (Elected)	$ 2,431	$ -0-	Vice President
Alfred Wich	05/2022 - 05/2026 (Elected)	$ 1,989	$ -0-	Secretary
John Connolly	05/2024 - 05/2028 (Elected)	$ 2,431	$ -0-	Assistant Secretary
Timothy H. Garde	05/2022 - 05/2026 (Elected)	$ 2,431	$ -0-	Assistant Secretary

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission date of most recent District Registration Form: May 26, 2026

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 576
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2026

Consultants:	Date Hired	Fees for the year ended April 30, 2026	Title
Schwartz, Page & Harding, L.L.P.	08/20/21	$ 94,589 $ 361,227	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	05/14/24	$ 18,000 $ 16,500 $ 750	Auditor Bond Fees SB 625
Municipal Accounts & Consulting, L.P.	08/20/21	$ 63,273 $ 5,004	Bookkeeper Bond Fees
Ted A. Cox, PC	03/21/23	$ 2,293	Delinquent Tax Attorney
Masterson Advisors LLC	08/20/21	$ 253,249	Financial Advisor
Pape-Dawson Consulting Engineers, LLC	08/20/21	$ 53,512 $ 75,656	Engineer Bond Fees
Assessment of the Southwest, Inc. (formerly B&A Municipal Tax Service, LLC)	01/13/26	$ 19,751	Tax Assessor/ Collector
Municipal District Services, LLC	02/21/23	$ 616,961	Operator
Mark Burton Ghia Lewis	12/02/21	$ -0-	Investment Officers

See accompanying independent auditor's report.