OFFICIAL STATEMENT DATED OCTOBER 28, 2026

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF ROLLING FORK PUBLIC UTILITY DISTRICT, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS."

NEW ISSUE-Book-Entry-Only

Insured Ratings (AG): S&P "AA" (stable outlook)
Underlying Rating: Moody's "A2"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$4,230,000
ROLLING FORK PUBLIC UTILITY DISTRICT
(A political subdivision of the State of Texas located within Harris County)

WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS SERIES 2026A

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

Interest on the above described bonds (the "Bonds") initially accrues from the date of delivery (the "Date of Delivery," expected to be on or about November 24, 2026), and will be payable on April 1 and October 1 of each year commencing April 1, 2027 and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A. in Houston, Texas. See "THE FINANCING—Paying Agent/Registrar."

ASSURED GUARANTY

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

MATURITY SCHEDULE

Due (October 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (October 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2028	$ 90,000		6.000 %	3.40 %	775649 HK5	2038	$ 145,000	(a)	4.375 %	4.40 %	775649 HV1
2029	95,000		6.000	3.50	775649 HL3	2039	155,000	(a)	4.375	4.45	775649 HW9
2030	100,000		6.000	3.55	775649 HM1	2040	160,000	(a)	4.500	4.50	775649 HX7
2031	105,000		6.000	3.62	775649 HN9	2041	170,000	(a)	4.500	4.55	775649 HY5
2032	110,000		6.000	3.72	775649 HP4	2042	175,000	(a)	4.500	4.60	775649 HZ2
2033	115,000	(a)	6.000	3.80	775649 HQ2	2043	185,000	(a)	4.625	4.70	775649 JA5
2034	120,000	(a)	5.125	3.93	775649 HR0	2044	195,000	(a)	4.625	4.80	775649 JB3
2035	125,000	(a)	5.000	4.00	775649 HS8	2045	205,000	(a)	4.625	4.85	775649 JC1
2036	135,000	(a)	4.250	4.20	775649 HT6	2046	210,000	(a)	4.625	4.95	775649 JD9
2037	140,000	(a)	4.250	4.30	775649 HU3						

$450,000 Term Bonds due October 1, 2048 (a), 775649 JF4 (b), 4.625% Interest Rate, 5.05% Yield (c)
$500,000 Term Bonds due October 1, 2050 (a), 775649 JH0 (b), 4.750% Interest Rate, 5.10% Yield (c)
$545,000 Term Bonds due October 1, 2052 (a), 775649 JK3 (b), 4.750% Interest Rate, 5.15% Yield (c)

(a) The Bonds maturing on or after October 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 October 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. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

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

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

The Bonds described above (the "Bonds"), when issued, will constitute valid and legally binding obligations of Rolling Fork Public Utility District (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District, and are further payable from and secured by a pledge of and lien on certain Net Revenues (as defined in the Bond Order) of the District's waterworks and sewer system. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, Texas or any entity other than the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

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 Strawn & Richardson, P.C., Houston, Texas, Bond Counsel. Delivery of the Bonds through DTC is expected on or about November 24, 2026.

TABLE OF CONTENTS

MATURITY SCHEDULE 1
USE OF INFORMATION IN OFFICIAL STATEMENT 2
OFFICIAL STATEMENT SUMMARY 3
SELECTED FINANCIAL INFORMATION 5
THE BONDS 6
THE DISTRICT 13
MANAGEMENT 14
THE SYSTEM 15
FINANCIAL STATEMENT 17
ESTIMATED OVERLAPPING DEBT AND TAX RATES 18
TAX DATA 19
TAX PROCEDURES 21
WATER AND SEWER OPERATIONS 26
DEBT SERVICE REQUIREMENTS 27
INVESTMENT CONSIDERATIONS 28
LEGAL MATTERS 33
SALE AND DISTRIBUTION OF THE BONDS 37
MUNICIPAL BOND RATING 37
MUNICIPAL BOND INSURANCE 37
PREPARATION OF OFFICIAL STATEMENT 39
CONTINUING DISCLOSURE OF INFORMATION 40
MISCELLANEOUS 42
AERIAL LOCATION MAP 43
PHOTOGRAPHS OF THE DISTRICT 44
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS – Fiscal Year Ended April 30, 2026 ..... APPENDIX A
SPECIMEN MUNICIPAL BOND INSURANCE POLICY ..... APPENDIX B

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Strawn & Richardson, P.C., Bond Counsel, 1155 Dairy Ashford Road, Suite 875, Houston, Texas, 77079 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 Initial Purchaser and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

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

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer	Rolling Fork Public Utility District (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."
The Issue	$4,230,000 Rolling Fork Public Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2026A, (the "Bonds") are dated November 1, 2026. Interest accrues from the Date of Delivery at the rates per annum set forth on the cover page hereof, and is payable on April 1, 2027 and each October 1 and April 1 thereafter until the earlier of the stated maturity or redemption. The Bonds mature serially on October 1 in the years 2028 through 2046, both inclusive, and as term bonds on October 1 in each of the years 2048, 2050 and 2052 (the "Term Bonds") in the principal amounts set forth on the cover page hereof.
Redemption Provisions	The Bonds maturing on and after October 1, 2033 are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on October 1, 2032 or on any date thereafter, at a price of par plus accrued interest to the date fixed for redemption. If fewer than all the Bonds are redeemed, the particular maturities of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any one time, the particular Bonds to be redeemed within a maturity shall be selected by the Paying Agent/Registrar (defined herein) (or by DTC while the Bonds are in Book-Entry-Only form) by lot or other customary method of random selection. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
Authority for Issuance	The Series 2026A Bonds are the ninth series of bonds issued out of an aggregate of $21,535,000 principal amount of unlimited tax and revenue bonds authorized by the District's voters for the purpose of acquiring and/or constructing waterworks, sewer, and drainage systems. 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, elections held within the District, an order of the Texas Commission on Environmental Quality ("TCEQ") approving the issuance of the Bonds, and an order adopted by the Board of Directors of the District authorizing the issuance of the Bonds (the "Bond Order").
Source of Payment	The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District and are further payable from and secured by a pledge of and lien on certain Net Revenues (as defined in the Bond Order) of the District's waterworks and sewer system (the "System"), to the extent and upon the conditions described herein. The System is not expected to produce sufficient Net Revenues to make any contribution to future debt service payments. See "THE BONDS—Source of Payment."
Use of Proceeds	Proceeds of the Bonds will be used to finance construction and engineering costs for the District's Water Well No. 2 construction, to capitalize $200,925 of interest on the Bonds, and to pay certain costs associated with the issuance of the Bonds as shown herein. See "THE SYSTEM—Use and Distribution of Bond Proceeds."
Payment Record	The District has previously issued nine series of waterworks and sewer system combination unlimited tax and revenue bonds (including one series of refunding bonds), of which an aggregate principal amount of $7,780,000 will be outstanding as of October 2, 2026. The previously issued and outstanding bonds are referred to collectively herein as the "Outstanding Bonds." The District has never defaulted in the timely payment of debt service on its previously issued bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."
Qualified Tax-Exempt Obligations	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."

Municipal Bond Rating and Municipal Bond Insurance	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "A2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE," and "APPENDIX B."
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 "THE BONDS—Book-Entry-Only System."
Legal Opinion	Strawn & Richardson, P.C., Bond Counsel, Houston, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor	Masterson Advisors LLC, Houston, Texas.
Paying Agent/Registrar	The Bank of New York Mellon Trust Company, N.A., Houston, Texas.
Investment Considerations	The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully the entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

THE DISTRICT

Description	Rolling Fork Public Utility District (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. The District was created by the 62nd Legislature of the State of Texas in 1971 and operates pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 298 acres of land. See "THE DISTRICT—General."
Location	The District is located approximately 14 miles northwest of the central downtown business district of the City of Houston and approximately two and one-half miles north of the intersection of Fairbanks-N. Houston Road and U.S. Highway 290. The majority of the District is bound on the east and west by Fairbanks-N. Houston Road and Windfern Road, respectively. The District lies wholly within the boundaries of the Cypress Fairbanks Independent School District and is within the exclusive extraterritorial jurisdiction of the City of Houston. See "THE DISTRICT—Description and Location" and "AERIAL LOCATION MAP."
Status of Development	The District has been developed as the residential subdivision of Rolling Fork (approximately 767 single-family residential lots on approximately 207 acres). As of August 24, 2026 the District contained 746 completed and occupied homes and 6 completed and unoccupied homes. Based on the 2026 tax rolls, the average home value in the District is approximately $294,885. In addition to the residential development described above, the District contains Rolling Fork Village, a 12-unit townhome community on approximately 2 acres, approximately 70 acres developed for various commercial businesses including 2 distribution warehouses, a construction equipment supplier, a funeral home, a Mobil gas station and convenience store, a Valero gas station and convenience store, a self-serve car wash, a retail strip center, an O'Reilly Auto Parts store, Cy-Fair Volunteer Fire Department Station No. 1, and approximately 19 undevelopable acres contained in utility sites, parks and open space, and drainage easements. See "THE DISTRICT—Status of Development."

SELECTED FINANCIAL INFORMATION

2026 Taxable Assessed Valuation	$301,499,252 (a)
Gross Direct Debt Outstanding (after issuance of the Bonds)	$12,010,000
Estimated Overlapping Debt	16,188,651 (b)
Gross Direct Debt and Estimated Overlapping Debt	$28,198,651
Ratio of Gross Direct Debt to:	
2026 Taxable Assessed Valuation	3.98%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2026 Taxable Assessed Valuation	9.35%
Funds Available for Debt Service:	
Fund Balance as of September 23, 2026	$567,884
Capitalized Interest on the Bonds	200,925 (c)
Total upon Closing	$768,809
2026 District Tax Rate	
Debt Service	$0.270
Maintenance and Operations	0.295
Total	$0.565/$100 A.V.
Average percentage of total tax collections (2021-2025)	99.12%
Maximum Debt Service Requirement (2028) of the Outstanding Bonds and the Bonds ("Maximum Requirement")	$792,163
Tax rate required to pay Maximum Requirement based upon 2026 Taxable Assessed Valuation at 95% collections	$0.28/$100 A.V.
Average Annual Debt Service Requirement (2027-2052) of the Outstanding Bonds and the Bonds ("Average Annual Requirement")	$718,030
Tax rate required to pay Average Annual Requirement based upon 2026 Taxable Assessed Valuation at 95% collections	$0.26/$100 A.V.

Water Connections as of August 24, 2026:

Homes (Completed and Occupied)	746
Unoccupied Homes	6
Commercial	18
Other (irrigation, etc.)	40
Estimated 2026 Population	2,611 (d)

(a) The Harris Central Appraisal District (the "Appraisal District") has certified $290,219,047 of taxable value and an additional $11,280,205 of taxable value remains uncertified and is subject to review and downward adjustment. The 2026 Taxable Assessed Valuation shown throughout this Official Statement is the certified value plus the uncertified value. See "TAX PROCEDURES."

(b) See "ESTIMATED OVERLAPPING DEBT AND TAX RATES."

(c) The District will capitalize $200,925 of interest from Bond proceeds. See "THE SYSTEM—Use and Distribution of Bond Proceeds."

(d) Based upon 3.5 persons per occupied residence.

OFFICIAL STATEMENT

$4,230,000
ROLLING FORK PUBLIC UTILITY DISTRICT
(A political subdivision of the State of Texas located within Harris County)

WATERWORKS AND SEWER SYSTEM
COMBINATION UNLIMITED TAX AND REVENUE BONDS
SERIES 2026A

This Official Statement provides certain information in connection with the issuance by Rolling Fork Public Utility District (the "District") of its $4,230,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2026A (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, Chapters 49 and 54 Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality (the "Commission" or the "TCEQ") and an order authorizing the issuance 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. 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 Strawn & Richardson, P.C., 1155 Dairy Ashford Road, Suite 875, Houston, Texas, 77079 upon payment of duplication costs therefor.

THE BONDS

Description

The Bonds will be dated November 1, 2026 and accrue interest from the Date of Delivery, with interest payable on each April 1 and October 1, at the rates specified on the cover hereof, beginning April 1, 2027 (each an "Interest Payment Date"), and will mature on the dates and in the amounts shown on the cover page hereof. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC") in its nominee name of Cede & Co., pursuant to the book-entry system described herein. See "Book-Entry-Only System."

Book-Entry-Only System

The information in this section concerning the Depository Trust Company, New York, NY ("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.

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

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

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

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

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

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

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

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

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

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

Method of Payment of Principal and Interest

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

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

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy an annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. In the Bond Order, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds.

The Bonds are further payable from and secured by a pledge of and lien on certain Net Revenues, if any, of the District's water and sewer system (the "System"). Net Revenues are defined by the Bond Order as all income that is derived from the ownership and operation of the District's System as the same is purchased, constructed or otherwise acquired, which remains after deducting the operation and maintenance expenses of the System, but not including income derived from contracts that are pledged for payment of any special project bonds that may be issued. It is not expected that the Net Revenues will ever be sufficient to contribute to debt service payments.

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

Funds

In the Bond Order, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, in such fund.

$200,925 of capitalized interest shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Construction Fund, to be used as described under "THE SYSTEM—Use and Distribution of Bond Proceeds." Any monies remaining in the Construction Fund after completion of construction of the entire system (as herein defined) will be used as described in the Bond Order or ultimately transferred to the Debt Service Fund.

No Arbitrage

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on October 1 in each of the years 2048, 2050 and 2052 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on October 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$450,000 Term Bonds Due October 1, 2048		**$500,000 Term Bonds Due October 1, 2050**		**$545,000 Term Bonds Due October 1, 2052**	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2047	$ 220,000	2049	$ 245,000	2051	$ 265,000
2048 (maturity)	230,000	2050 (maturity)	255,000	2052 (maturity)	280,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after October 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000 on October 1, 2032, or any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If fewer than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

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

Authority for Issuance

At elections held on June 18, 1983 and November 5, 2013 (the "Elections"), voters of the District authorized the issuance of $21,535,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. See "Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas including the Texas Constitution, Chapters 49 and 54, Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality and the Elections.

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office in Houston, Texas and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order. While the Bonds are in the Book-Entry-Only system, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "Book-Entry-Only System."

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $21,535,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, and could authorize additional amounts. The District currently has $11,270,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds authorized but unissued for said improvements and facilities. After issuance of the Bonds, the District will have $7,040,000 principal amount of waterworks and sewer system combination unlimited tax and revenue bonds authorized but unissued.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing 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 Board has not considered calling such an election at this time.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. Under existing State law, the outstanding principal amount of park bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. The Board has not considered authorizing preparation of a park plan or calling a park bond election at this time.

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the TCEQ for "road powers" nor calling such an election at this time.

Issuance of additional bonds could dilute the investment security for the Bonds.

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston, the District may be annexed by the City of Houston without the District's consent, 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 for full purposes 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.

Strategic Partnership

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which the services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were to be annexed for full or limited purposes by the City. The terms of any such agreement would be determined by the City and the District. Although the City has negotiated and entered into such an agreement with one or more other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District, although no representation can be made regarding the future likelihood of an agreement or the terms thereof.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

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 observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond 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. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitation to Registered Owners' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond 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) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

THE DISTRICT

General

The District is a conservation and reclamation district created by order of the 62nd Texas Legislature in 1971, and operates under provisions of Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and other general laws of the State of Texas applicable to municipal utility districts.

The District is a political subdivision of the State of Texas and is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; 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 is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the City of Houston, the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance parks and recreational facilities and may also, subject to the granting of road powers by the TCEQ and certain limitations, develop and finance roads. See "THE BONDS—Issuance of Additional Debt."

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation from the City of Houston, within whose extraterritorial jurisdiction boundaries the District lies, the District is required to observe certain requirements of the City of Houston which: limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, parks and recreational facilities, and firefighting facilities; 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 connections only to lots and commercial or multi-family reserves described in plats which have been approved by the Planning Commission of the City and recorded in the real property records. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

Description and Location

The District is comprised of approximately 298 acres of land located approximately 14 miles northwest of the central downtown business district of the City of Houston and approximately two and one-half miles north of the intersection of Fairbanks-N. Houston Road and U.S. Highway 290. The majority of the District is bound on the east and west by Fairbanks-N. Houston Road and Windfern Road, respectively. The District lies wholly within the boundaries of the Cypress Fairbanks Independent School District and is within the exclusive extraterritorial jurisdiction of the City of Houston. See "AERIAL LOCATION MAP."

Status of Development

The District has been developed as the residential subdivision of Rolling Fork (approximately 767 single-family residential lots on approximately 207 acres). As of August 24, 2026, the District contained 746 completed and occupied homes and 6 completed and unoccupied homes. Based on the 2026 tax rolls, the average home value in the District is approximately $294,885.

In addition to the residential development described above, the District contains Rolling Fork Village, a 12-unit townhome community on approximately 2 acres, approximately 70 acres developed for various commercial businesses including 2 distribution warehouses, a construction equipment supplier, a funeral home, a Mobil gas station and convenience store, a Valero gas station and convenience store, a self-serve car wash, a retail strip center, an O'Reilly Auto Parts store, Cy-Fair Volunteer Fire Department Station No. 1, and approximately 19 undevelopable acres contained in utility sites, parks and open space, and drainage easements.

MANAGEMENT

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 staggered four-year terms and director elections are held in November in even numbered years only. All of the directors below either reside or own land within the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Debbie Gibson	President	November 2028
Jude B. Wiggins	Vice President	November 2028
Mark Diaz	Secretary	November 2030
Amanda Buckson	Assistant Secretary	November 2030
Ronald van Til	Assistant Secretary	November 2030

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District were appraised for ad valorem taxation purposes by the Appraisal District. The District's Tax Assessor/Collector is appointed by the Board of Directors of the District. Equi-Tax, Inc. is currently serving in this capacity for the District.

System Operator

The District contracts with M. Marlon Ivy & Associates for maintenance and operation of the District's System.

Bookkeeper

The District contracts with Myrtle Cruz, Inc. for bookkeeping services.

Engineer

The consulting engineer for the District in connection with the review of design and construction of the District's facilities is A&S Engineers, Inc. (“Engineer”).

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.

Attorney

The District has engaged Strawn & Richardson, P.C. as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton L.L.P. as disclosure counsel. The fees paid to disclosure counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

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 Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX A” for a copy of the District’s audited financial statements for the year ended April 30, 2026.

THE SYSTEM

Regulation

According to the Engineer, the District's water, wastewater and storm drainage improvements that have been financed with proceeds from the District's previously issued bonds (the "System") have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and the approval and permitting requirements of the Texas Department of Health, TCEQ, Harris County, the City of Houston, Harris County Flood Control District, and the Harris-Galveston Subsidence District, where applicable. Each of the aforementioned agencies exercises continuing jurisdiction over the District's facilities.

Source of Water Supply

The District has entered into an agreement with the City of Houston (the "City") to receive treated surface water through a transmission line along Fairbanks-N. Houston Road to the District's water plant. The District rechlorinates and pumps the surface water into the distribution system from such water plant. At least 30% of the District's water supply is provided by the City pursuant to a water supply contract dated April 2, 2001 (the "Contract"). The Contract includes a current minimum take-or-pay amount of 5.6967 million gallons per month of treated surface water with an option for the District to increase such amount by ten (10) percent annually. The remainder of the District's water supply needs are provided by its own water plant facilities, which consists of an 800 gpm well, 564,000 gallons of ground storage tank capacity, 35,000 gallons of pressure tank capacity, 2,100 gpm of booster pump capacity and related appurtenances. A portion of the Bond proceeds will be used to finance the construction of Water Well No. 2 (see "THE SYSTEM—Use and Distribution of Bond Proceeds"). After completion, the System will include a 1,000 gpm Water Well No. 2, increasing total well capacity to 1,800 gpm. According to the District's Engineer, the District currently has sufficient water plant capacity to serve 1,050 equivalent single family connections ("ESFC").

The District is a party to an emergency water interconnect agreement with Harris County Municipal Utility District No. 6 and Windfern Forest Utility District.

Subsidence District Requirements

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction which 1999 Plan was revised in 2013. Under the 1999 Plan, the District submitted and received approval of a groundwater reduction plan ("GRP") by the Subsidence District and has complied with all Subsidence District requirements in regard to the conversion to surface water.

Under the Subsidence District regulations and the GRP, the District is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the District's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the District's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the District's GRP. If the District fails to comply with the above Subsidence District regulations or its GRP, the District is subject to a disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District.

The District purchases surface water from the City of Houston (the "City") pursuant to its Water Supply Contract (the "Contract") with the City. The District is currently required pursuant to the Contract to take or pay for a minimum of 5.6967 million gallons per month of treated surface water. The Contract includes an option for the District to increase the take or pay amount annually by up to ten (10) percent to meet Subsidence District conversion requirements in future years.

Source of Wastewater Treatment

Wastewater treatment for development within the District is provided by a 490,000 gallon per day ("gpd") wastewater treatment plant owned and operated by the District. Pursuant to an agreement dated May 1, 1997 between the District and Harris County MUD No. 261 ("MUD 261"), the District owns 67% of the capacity or 329,000 gpd and MUD 261 owns 33% of the capacity or 161,000 gpd, which is capable of serving approximately 1,406 esfc and 688 esfc, respectively, based upon a flow factor of 234 gpd/esfc. Operating expenses are shared by the District and MUD 261 on a prorata usage basis, and expansions, modifications and extraordinary repairs are shared based on owned capacity.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

The District has constructed water distribution, wastewater collection and storm drainage facilities to serve the majority of developed property in the District.

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 no assurance that homes built in such area will not be flooded.

According to the Engineer, approximately 9 acres in the District are shown to be within the 100-year flood plain and floodway as shown on the Federal Emergency Management Administration Flood Insurance Rate Map for the area dated June 9, 2014. The area within the 100-year flood plain and floodway is confined to Rolling Fork Creek and no residential development is within the 100-year flood plain. The District's drainage system has been designed and constructed to all current standards. All future developments will be required to be constructed above the established 100-year flood plain elevation in accordance with the rules of Harris County and Harris County Flood Control District. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

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 on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area. The application of 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.

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 A&S Engineers, Inc. (the "Engineer") and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts will be finalized after the sale of the Bonds. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ where required. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

CONSTRUCTION COSTS		
• Water Well No. 2 Construction	$	2,740,000
• Contingencies		411,000
• Engineering & Technical Services		473,000
Total Construction Costs	**$**	**3,624,000**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount (a)	$	126,402
• Capitalized Interest (b)		200,925
Total Non-Construction Costs	**$**	**327,327**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	213,370
• Bond Engineering Report		50,000
• State Regulatory Fees		14,805
• Contingency (a)		498
Total Issuance Costs and Fees	**$**	**278,673**
TOTAL BOND ISSUE	**$**	**4,230,000**

(a) Contingency represents the difference between the actual and estimated amount of Underwriter's Discount.
(b) The TCEQ approved a maximum of $200,925 of capitalized interest.

FINANCIAL STATEMENT

2026 Taxable Assessed Valuation	$301,499,252 (a)
District Debt:	
Outstanding Bonds (as of October 2, 2026)	$ 7,780,000
The Bonds	4,230,000
Gross Debt Outstanding (after issuance of the Bonds)	$12,010,000
Ratio of Gross Debt to 2026 Taxable Assessed Valuation	3.98%

Area of District—298 Acres

Estimated 2026 Population—2,611(b)

(a) The Appraisal District has certified $290,219,047 of taxable value and an additional $11,280,205 of taxable value remains uncertified and is subject to review and downward adjustment. The 2026 Taxable Assessed Valuation shown throughout this Official Statement is the certified value plus the uncertified value. See "TAX PROCEDURES."

(b) Based on 3.5 persons per occupied home.

Cash and Investment Balances (Unaudited as of September 23, 2026)

Debt Service Fund	Cash and Temporary Investments	$ 567,884 (a)
Operating Fund	Cash and Temporary Investments	$2,995,644
Construction Fund	Cash and Temporary Investments	$3,272,394

(a) In addition, out of proceeds of the Bonds, the District will deposit $200,925 of interest on the Bonds into the Debt Service Fund. Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Debt Service Fund.

Outstanding Bonds (as of October 2, 2026)

Series	Original Principal Amount	Outstanding Bonds
2015	$ 2,160,000	$ 1,060,000
2021	3,030,000	2,745,000
2026	3,975,000	3,975,000
Total	$ 9,165,000	$ 7,780,000

Investment Policies and Procedures

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.

ESTIMATED OVERLAPPING DEBT AND TAX RATES

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	$ 3,080,611,581	8/31/2026	0.04%	$ 1,289,946
Harris County Department of Education	28,960,000	8/31/2026	0.04%	12,121
Harris County Flood Control District	1,034,900,000	8/31/2026	0.04%	442,544
Harris County Hospital District	1,644,825,000	8/31/2026	0.05%	756,415
Port of Houston Authority	386,074,397	8/31/2026	0.04%	165,125
Lone Star College System	338,975,000	8/31/2026	0.08%	283,179
Cypress-Fairbanks ISD	3,264,440,000	8/31/2026	0.41%	13,239,320
Total Estimated Overlapping Debt				$ 16,188,651
The District	12,010,000 (a)	Current	100.00%	12,010,000
Total Direct and Estimated Overlapping Debt				$ 28,198,651
Ratio of Estimated Direct and Overlapping Debt to 2026 Taxable Assessed Valuation				9.35%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

	2026 Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority)	$ 0.676267
Cypress-Fairbanks Independent School System (a)	1.066900
Lone Star College System	0.105800
Harris County Emergency Services District No. 9	0.045000
Total Overlapping Tax Rate	$ 1.893967
The District	0.565000
Total Tax Rate	$ 2.458967

(a) Represents the 2025 tax rate.

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records and statements for further and more complete information. Totals may vary slightly from totals elsewhere in this Official Statement due to differences in dates of data.

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of August 31, 2026 (b) Amount	Percent
2021	$ 179,808,977	$ 0.480	$ 863,083	$ 861,351	99.80%
2022	201,085,447	0.450	904,885	902,573	99.74%
2023	224,791,161	0.435	977,842	975,292	99.74%
2024	270,617,185	0.415	1,123,061	1,118,076	99.56%
2025	288,180,006	0.415	1,195,947	1,157,314	96.77%
2026	301,499,252	0.565	1,703,471	(c)	(c)

(a) Represents taxable assessed value as certified by the Appraisal District.
(b) Unaudited.
(c) In the process of collection. 2026 taxes are due by January 31, 2027.

Taxes are due October 1; delinquent after January 31 of the following year. No split payments allowed; no discounts allowed.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.270	$ 0.120	$ 0.110	$ 0.115	$ 0.130
Maintenance and Operations	0.295	0.295	0.305	0.320	0.320
Total	$ 0.565	$ 0.415	$ 0.415	$ 0.435	$ 0.450

Debt Service Tax

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

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On August 9, 1975, the Board was authorized to levy such a maintenance tax not to exceed $0.40 per $100 of taxable assessed valuation. Such tax, if levied, would be in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, and any additional tax bonds which may be issued in the future. The District levied a maintenance tax for 2026 in the amount of $0.295 per $100 of taxable assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District has not exempted any percentage of the market value of any residential homesteads from taxation since its inception, except $22,500 of the appraised value of resident homesteads for taxpayers who are disabled or over 65 years of age.

Additional Penalties

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

Principal Taxpayers

The following list represents the principal taxpayers, the taxable assessed value of such property and the principal taxpayer total as a percentage of the certified portion ($290,219,047) of the 2026 Taxable Assessed Valuation of $301,499,252, which represents ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($11,280,205) of the 2026 Taxable Assessed Valuation are not available as of the date hereof.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Airef Northwest Houston	$ 37,836,359	13.04%
Pro Parts Center	6,296,232	2.17%
KidsTale Playgrounds Inc.	5,320,399	1.83%
Winford Vinch Phuoc Inc.	4,060,930	1.40%
Romco Equipment Company	4,019,076	1.38%
Houston Rolling Fork	3,928,115	1.35%
Oaks Precision Fabricating Inc.	2,712,581	0.93%
Individual	2,334,887	0.80%
MPC Houston LLC	2,124,898	0.73%
Rransom Investment LP	2,050,000	0.71%
Total	$ 70,683,477	24.36%

Summary of Assessed Valuation

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAX PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2022 through 2026 Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Accurate breakdowns related to the uncertified portion ($11,280,205) of the 2026 Taxable Assessed Valuation are not available as of the date hereof.

	2026 Taxable Assessed Valuation	2025 Taxable Assessed Valuation	2024 Taxable Assessed Valuation	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation
Land	$ 72,015,531	$ 74,077,480	$ 68,830,313	$ 63,756,091	$ 55,281,907
Improvements	208,589,156	210,143,650	238,303,495	188,473,605	161,255,779
Personal Property	24,903,247	21,232,280	10,210,433	7,611,903	10,184,607
Exemptions	(15,288,887)	(17,273,404)	(46,727,056)	(35,050,438)	(25,636,846)
Total Certified	$ 290,219,047	$ 288,180,006	$ 270,617,185	$ 224,791,161	$ 201,085,447
Uncertified Value	11,280,205	-	-	-	-
Total	$ 301,499,252	$ 288,180,006	$ 270,617,185	$ 224,791,161	$ 201,085,447

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 $301,499,252 ($290,219,047 of certified value and $11,280,205 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "DEBT SERVICE REQUIREMENTS" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rate."

Average Annual Debt Service Requirement (2027-2052)	$ 718,030
$0.26 Tax Rate on the 2026 Taxable Assessed Valuation	$ 744,703
Maximum Annual Debt Service Requirement (2028)	$ 792,163
$0.28 Tax Rate on the 2026 Taxable Assessed Valuation	$ 801,988

No representation or suggestion is made that the uncertified portion ($11,280,205) of the 2026 Taxable Assessed Valuation, 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 "TAX PROCEDURES."

TAX PROCEDURES

Authority to Levy Taxes

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

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; most individually owned automobiles and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption

upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2026 tax year, the District granted an exemption of $22,500 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action, or (ii) fatally injured in the line of duty, is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods in transit personal property but may choose to exempt some in the future by official action.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For the 2026 tax year, the District did not grant a general residential homestead exemption.

Tax Abatement

Harris County or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the District, and the City of Houston (if it were to annex the District), at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the 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 the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in 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. For more information on the disaster exemption, reference is made to Section 11.35 of the Texas Tax Code.

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 "TAX PROCEDURES—Rollback of Operations and Maintenance Tax Rate." The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2026, no land within the District was the subject of a special exemption.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate

without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. For tax year 2026, the District was designated as a "Developed 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 "ESTIMATED OVERLAPPING DEBT AND TAX RATES." 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 "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

WATER AND SEWER OPERATIONS

General

The Bonds and Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District and are further payable from and secured by a pledge of and lien on Net Revenues of the District's waterworks and sanitary sewer system. It is anticipated that no significant Net Revenues, if any, will be available for debt service on the Bonds and Outstanding Bonds in the foreseeable future.

Waterworks and Sewer System Operation

The following statement sets forth in condensed form the General Operating Fund for the District as shown in the District's audited financial statements for the fiscal years ended April 30, 2022 through April 30, 2026. 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	2023	2022
Revenues					
Property Taxes	$ 834,555	$ 826,849	$ 712,880	$ 632,198	$ 592,308
Water Service	524,524	467,109	495,009	503,074	398,028
Sewer Service	521,356	472,394	458,996	446,577	418,171
Penalty and Interest	15,908	14,939	13,851	13,238	12,094
Tap Connection and Inspection Fees	6,016	5,968	5,400	159,273	4,246
Investment Income	113,207	130,661	136,028	97,895	1,449
Total Revenues	$ 2,015,566	$ 1,917,920	$ 1,822,164	$ 1,852,255	$ 1,426,296
Expenditures					
Purchased Services	$ 587,857	$ 791,670	$ 482,185	$ 482,592	$ 396,058
Professional Fees	171,633	167,053	172,499	129,042	112,996
Contracted Services	173,616	129,721	83,743	79,906	71,207
Solid Waste	250,706	240,196	226,915	214,059	203,017
Utilities	39,911	23,606	25,392	24,595	29,885
Parks and Recreation	68,022	112,756	56,463	63,206	51,995
Repairs and Maintenance	266,160	256,524	272,822	224,363	146,277
Other Expenditures	75,189	101,842	80,076	82,225	71,681
Tap Connections	-	-	-	51,550	-
Capital Outlay	199,936	95,158	82,151	702,317	10,600
Total Expenditures	$ 1,833,030	$ 1,918,526	$ 1,482,246	$ 2,053,855	$ 1,093,716
Revenues Over (Under) Expenditures	$ 182,536	$ (606)	$ 339,918	$ (201,600)	$ 332,580
Other Sources					
Interfund Transfers In	$ 70,000	$ -	$ -	$ -	$ 46,308
Fund Balance (Beginning of Year)	$ 3,080,208	$ 3,080,814	$ 2,740,896	$ 2,942,496	$ 2,563,608
Fund Balance (End of Year)	$ 3,332,744	$ 3,080,208	$ 3,080,814	$ 2,740,896	$ 2,942,496

DEBT SERVICE REQUIREMENTS

The following sets forth the actual debt service requirements for the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that the District capitalized twelve months of interest from the Series 2026 Bonds and $200,925 of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 507,156.25	$ -	$ 174,014.64	$ 174,014.64	$ 681,170.89
2028	498,106.25	90,000	204,056.25	294,056.25	792,162.50
2029	494,056.25	95,000	198,656.25	293,656.25	787,712.50
2030	489,906.25	100,000	192,956.25	292,956.25	782,862.50
2031	485,656.25	105,000	186,956.25	291,956.25	777,612.50
2032	481,306.25	110,000	180,656.25	290,656.25	771,962.50
2033	476,856.25	115,000	174,056.25	289,056.25	765,912.50
2034	474,087.50	120,000	167,156.25	287,156.25	761,243.75
2035	476,093.75	125,000	161,006.25	286,006.25	762,100.00
2036	472,756.25	135,000	154,756.25	289,756.25	762,512.50
2037	474,193.75	140,000	149,018.75	289,018.75	763,212.50
2038	470,418.75	145,000	143,068.75	288,068.75	758,487.50
2039	472,550.00	155,000	136,725.00	291,725.00	764,275.00
2040	469,468.75	160,000	129,943.75	289,943.75	759,412.50
2041	471,281.25	170,000	122,743.75	292,743.75	764,025.00
2042	467,881.25	175,000	115,093.75	290,093.75	757,975.00
2043	464,093.75	185,000	107,218.75	292,218.75	756,312.50
2044	460,200.00	195,000	98,662.50	293,662.50	753,862.50
2045	441,200.00	205,000	89,643.75	294,643.75	735,843.75
2046	437,200.00	210,000	80,162.50	290,162.50	727,362.50
2047	432,800.00	220,000	70,450.00	290,450.00	723,250.00
2048	433,000.00	230,000	60,275.00	290,275.00	723,275.00
2049	427,600.00	245,000	49,637.50	294,637.50	722,237.50
2050	436,800.00	255,000	38,000.00	293,000.00	729,800.00
2051	-	265,000	25,887.50	290,887.50	290,887.50
2052	-	280,000	13,300.00	293,300.00	293,300.00
Total	$ 11,214,668.75	$ 4,230,000	$ 3,224,102.14	$ 7,454,102.14	$ 18,668,770.89

Maximum Annual Debt Service Requirement (2028) $792,163
Average Annual Debt Service Requirement (2027-2052) $718,030

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Harris County, the City of Houston, or any other political entity other than the District, will be secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property within the District and by a pledge of certain net revenues, if any, derived from the operation of the District's waterworks and sanitary sewer and drainage facilities. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Dependence on Principal Taxpayers

The principal taxpayers in the District represent $70,683,477 or 24.36% of the certified portion ($290,219,047) of the 2026 Taxable Assessed Valuation within the District, which represents ownership as of January 1, 2026. See "TAX DATA—Principal Taxpayers." The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis.

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 and commercial property. The market value of such properties is related to general economic conditions in the greater Houston region and the national economy which can affect the demand for residences. Demand for properties of this type can be significantly affected by factors such as interest rates, credit availability, construction costs, and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. At elections held within the District, voters in the District authorized $21,535,000 principal amount of unlimited tax and revenue bonds for the purposes of purchasing and constructing a water, wastewater and storm drainage system in the District. After the issuance of the Bonds, the District will have $7,040,000 principal amount of unlimited tax and revenue bonds authorized but unissued.

In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds for the construction of additional water, wastewater and storm sewer facilities is subject to approval by the TCEQ pursuant to issuance guidelines established by the TCEQ. See "THE BONDS—Issuance of Additional Debt."

Possible Impact on District Tax Rate

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 $301,499,252 ($290,219,047 of certified value and $11,280,205 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $792,163 (2028) and the average annual debt service requirement will be $718,030 (2027-2052). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.28 and $0.26 per $100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. See "DEBT SERVICE REQUIREMENTS." Although calculations have been made regarding the tax rate necessary to pay the maximum and average annual debt service on the Bonds based upon the 2026 Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. See "TAX DATA—Tax Adequacy for Debt Service" and "TAX PROCEDURES."

Potential Effects of Oil Price Fluctuations on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry. Such conditions and their spillover effects into other industries could adversely impact the businesses that own property in the District and result in declines in the demand for residential and commercial property in the Houston area as well as reduce or negatively affect property values within the District. The District cannot predict the impact that negative conditions in the oil and gas 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. According to the District's Operator, the District's water and sewer system did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, according to the District's Operator, there was no apparent material wind or water damage to homes or commercial improvements within the District as a result of Hurricane Harvey.

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

Specific Flood Type Risks

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 and channels) downstream.

Tax Collection Limitations

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 "ESTIMATED OVERLAPPING DEBT AND TAX RATES—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 of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

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

A district may not be forced into bankruptcy involuntarily.

Environmental and Air Quality Regulation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cybersecurity

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

Future and Proposed 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.

Risk Factors on Municipal Bond Insurance

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

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

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

Neither the District nor the Initial Purchaser 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.

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."

Marketability

The District has no understanding with the Initial Purchaser 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.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an ad valorem tax levied without limit as to rate or amount upon all taxable property in the District and, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the legal opinion of Bond Counsel to the effect that the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law and from Net Revenues, if any, derived from operation of the District's System. Bond Counsel's opinion will also address the matters described below under "Tax Exemption." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for the subcaption "Book-Entry-Only System"), "THE DISTRICT—General," "MANAGEMENT—Attorney," "TAX PROCEDURES," "LEGAL MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to herein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has either conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

In addition to serving as Bond Counsel, Strawn & Richardson, P.C., also acts as counsel to the District on matters not related to the issuance of the Bonds. The legal fees to be paid 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. McCall, Parkhurst & Horton, L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fees paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Tax Exemption

On the date of initial delivery of the Bonds, Strawn & Richardson, P.C., Houston, Texas, Bond Counsel to the District, 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," and therefore the interest will not be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations as defined in section 59(k) of the Code for purposes of determining the alternative minimum tax on corporations. Except as stated above, Bond Counsel to the District will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in certificates pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants would case interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Ancillary 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, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, 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 taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

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

Tax Accounting Treatment of Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, 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 would constitute original issue discount. 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, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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 the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount 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 the treatment 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.

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.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Qualified Tax-Exempt Obligations for Financial Institutions

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 Bonds have been designated 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 $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."

No-Litigation Certificate

With the delivery of the Bonds, the President or Vice President and Secretary or any Assistant Secretary of the Board will, on behalf of the District, execute a certificate, dated as of the Date of Delivery of the Bonds, to the effect that no litigation of any nature is then pending against or, to the best knowledge of the certifying officers, threatened against the District 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 of 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 titles of the then present officers of the Board.

No Material Adverse Change

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

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 interest cost, which bid was tendered by The Baker Group LP (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 97.0118% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 4.881110% as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser 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 Initial Purchaser 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 utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the 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.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "A2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG" or the "Insurer") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this Official Statement.

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

Assured Guaranty Inc.

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

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

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

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

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

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

Capitalization of AG

At June 30, 2026:

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

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

Incorporation of Certain Documents by Reference

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

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

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

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

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

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

Miscellaneous Matters

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the 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.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" (as related to District facilities) has been provided by A&S Engineers, Inc., Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Harris Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Harris County, including the District.

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 "TAX PROCEDURES" has been provided by Equi Tax, Inc. and is included herein in reliance upon the authority of said firm as experts in assessing property values and collecting taxes.

Auditor: The financial statements of the District for the fiscal year ended April 30, 2026, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's 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 Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser, provided, however, that the obligation of the District to the Initial Purchaser to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser 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 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"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB through its EMMA system. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT," "TAX DATA," "WATER AND SEWER OPERATIONS," "DEBT SERVICE REQUIREMENTS" 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. Any financial statements so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable period to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is 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.

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 make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance With Prior Undertakings

During the last five years, 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

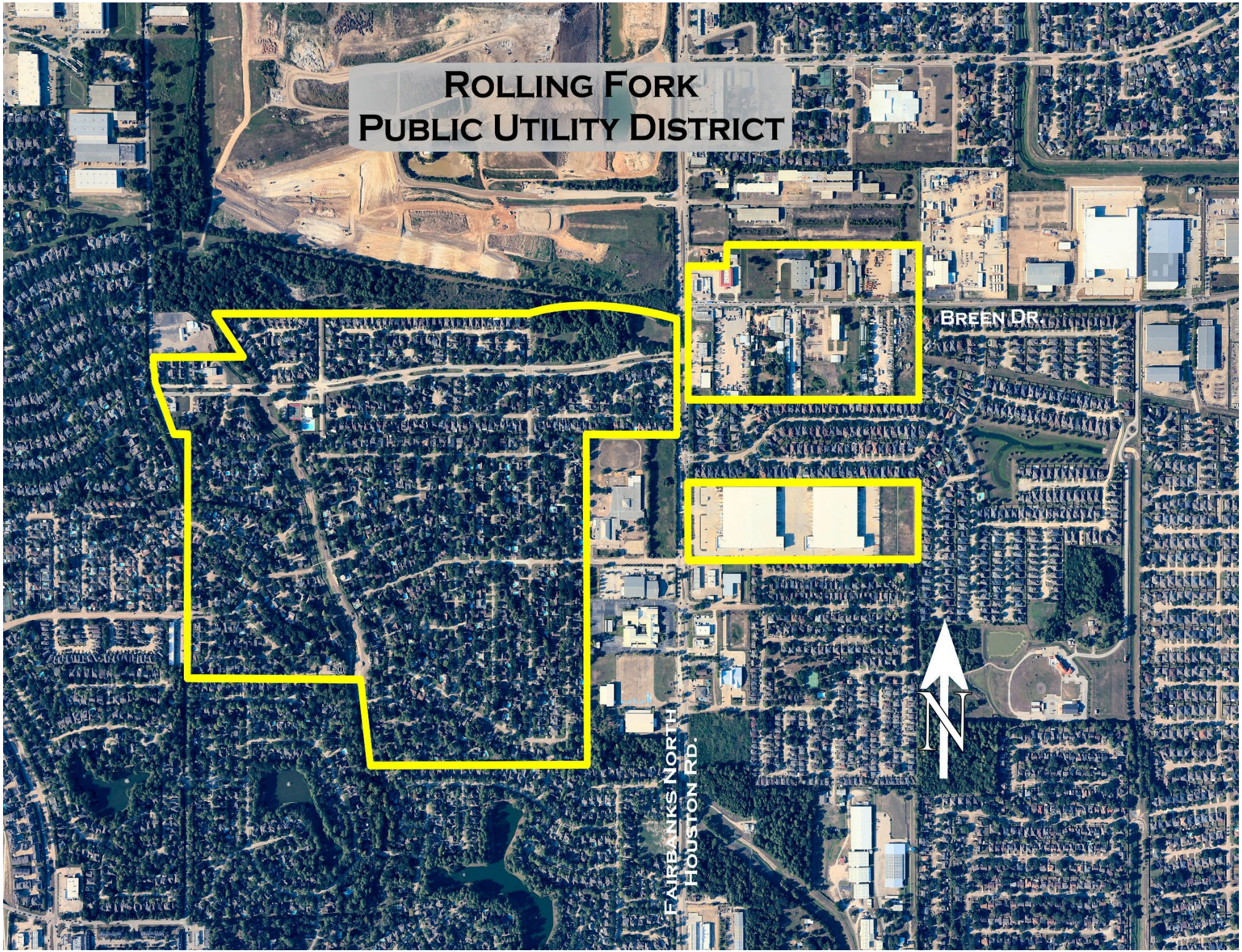
All estimates, statements and assumptions in this Official Statement and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not 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/ Debbie Gibson
President, Board of Directors
Rolling Fork Public Utility District

ATTEST:

/s/ Mark Diaz
Secretary, Board of Directors
Rolling Fork Public Utility District

AERIAL LOCATION MAP
(Approximate boundaries as of October 2026)


Rolling Fork
Public Utility District
Breen Dr.
Fairbanks North
Houston Rd.
N

PHOTOGRAPHS OF THE DISTRICT
(Taken October 2026)


9235
















O'Reilly AUTO PARTS


Valero


YANG MING


ROMCO
EQUIPMENT CO.
ROMCO
EQUIPMENT CO.


Mobil
FUEL TECHNOLOGY
Synergy
Regular
Cash
3.89
Regular
Credit/Debit
3.99
Diesel
Efficient
5.99
Taqueria
Mobil
IZZY
AIR


OAKS PRECISION FABRICATING INC.
Specializing in Precision Sheet Metal
8550

APPENDIX A

Independent Auditor's Report and Financial Statements for the Fiscal Year Ended April 30, 2026

Rolling Fork Public Utility District

Harris County, Texas

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

April 30, 2026

Rolling Fork Public Utility District
Contents
April 30, 2026

Independent Auditor's Report 1

Management's Discussion and Analysis 3

Basic Financial Statements

Statement of Net Position and Governmental Funds Balance Sheet 8

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances 10

Notes to Financial Statements 11

Required Supplementary Information

Budgetary Comparison Schedule – General Fund 22

Budgetary Comparison Schedule – Special Revenue Fund 23

Notes to Required Supplementary Information 24

Supplementary Information

Other Schedules Included Within This Report 25

Schedule of Services and Rates 26

Schedule of General Fund Expenditures 27

Schedule of Temporary Investments 28

Analysis of Taxes Levied and Receivable 29

Schedules of Long-Term Debt Service Requirements by Years 31

Changes in Long-Term Bonded Debt 35

Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years 36

Board Members, Key Personnel, and Consultants 38

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forvismazars.us

Independent Auditor's Report

Board of Directors
Rolling Fork Public Utility District
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Rolling Fork Public Utility District (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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of April 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

Houston, Texas
September 29, 2026

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities that engage in a single governmental program, such as the provision of water, sanitary sewer, and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2026	2025
Current and other assets	$ 7,417,473	$ 3,742,920
Capital assets	6,671,122	6,590,817
Total assets	$ 14,088,595	$ 10,333,737
Long-term liabilities	$ 7,767,129	$ 4,064,431
Other liabilities	277,449	326,863
Total liabilities	8,044,578	4,391,294
Net position		
Net investment in capital assets	2,242,532	2,441,069
Restricted	377,304	290,650
Unrestricted	3,424,181	3,210,724
Total net position	$ 6,044,017	$ 5,942,443

The total net position of the District increased by $101,574, or about 2%. The majority of the increase in net position is related to property tax and service revenues exceeding services and debt service expenses.

Summary of Changes in Net Position

	2026	2025
Revenues		
Property taxes	$ 1,194,255	$ 1,117,867
Charges for services	1,177,382	1,108,271
Other revenues	166,184	179,856
Total revenues	2,537,821	2,405,994
Expenses		
Services	1,774,931	1,833,539
Depreciation	277,755	264,557
Debt service	383,561	103,094
Total expenses	2,436,247	2,201,190
Change in net position	101,574	204,804
Net position, beginning of year	5,942,443	5,737,639
Net position, end of year	$ 6,044,017	$ 5,942,443

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended April 30, 2026 were $7,060,950, an increase of $3,712,013 from the prior year.

The general fund's fund balance increased by $252,536 primarily due to property taxes revenues, service revenues, and investment income exceeding service operations and capital outlay expenditures. In addition, the fund received a transfer from the capital projects funds.

The special revenue fund's fund balance remained the same as all expenditures were billed to participants.

The debt service fund's fund balance increased by $224,774 primarily due to property taxes revenues generated and proceeds from the sale of the Series 2026 bonds exceeding bond principal and interest requirements.

The capital project fund's fund balance increased by $3,234,703 primarily due to proceeds from the sale of the Series 2026 bonds exceeding capital outlay expenditures and bond issuance costs.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes revenues, services revenues, and investment income being greater than anticipated, while capital outlay, parks and recreation, and other expenditures were less than anticipated. In addition, interfund transfers were not included in the budget. The fund balance as of April 30, 2026 was expected to be $2,871,674, and the actual end-of-year fund balance was $3,332,744.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2026	2025
Land and improvements	$ 508,530	$ 508,530
Construction in progress	213,561	81,415
Water facilities	1,440,699	1,340,184
Wastewater facilities	4,476,729	4,638,320
Recreational facilities	31,603	22,368
Total capital assets	$ 6,671,122	$ 6,590,817

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

Construction in progress related to the water plant expansion	$ 132,146
Installation of new 150-hp motor at water plant No. 1	31,882
Installation of a new pump at water well No. 1 and a new breaker for the well	149,425
Breen Road lift station	6,047
Wastewater treatment plant lift station rehabilitation	9,865
Wastewater treatment plant clarifier	16,113
New park equipment	12,582
Total additions to capital assets	$ 358,060

Debt

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

Long-term debt payable, beginning of year	$ 4,064,431
Increases in long-term debt	3,859,884
Decreases in long-term debt	(157,186)
Long-term debt payable, end of year	$ 7,767,129

At April 30, 2026, the District had $11,270,000 of combination unlimited tax and revenue bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District.

The District's bonds carry an underlying rating of "A2" from Moody's Investors Service, Inc. (Moody's). The Series 2015, Series 2021, and Series 2026 bonds carry a "AA" rating from Standard & Poor's, and the Series 2015 and Series 2021 bonds carry an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Inc.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent, subject to compliance with existing state law procedural requirements. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Rolling Fork Public Utility District
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2026

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	$ 91,744	$ 84,521	$ 67,363	$ 3,268,799	$ 3,512,427	$ -	$ 3,512,427
Short-term investments	3,098,236	-	562,706	-	3,660,942	-	3,660,942
Receivables							
Property taxes	59,555	-	23,185	-	82,740	-	82,740
Service accounts	97,837	-	-	-	97,837	-	97,837
Accrued penalty and interest	-	-	-	-	-	19,137	19,137
Interfund receivables	146,689	23,340	-	-	170,029	(170,029)	-
Due from participants	-	23,597	-	-	23,597	-	23,597
Prepaid expenditures	20,793	-	-	-	20,793	-	20,793
Operating reserve	62,263	-	-	-	62,263	(62,263)	-
Capital assets (net of accumulated depreciation)							
Land	-	-	-	-	-	508,530	508,530
Construction in progress	-	-	-	-	-	213,561	213,561
Infrastructure	-	-	-	-	-	5,949,031	5,949,031
Total Assets	$ 3,577,117	$ 131,458	$ 653,254	$ 3,268,799	$ 7,630,628	$ 6,457,967	$ 14,088,595

Rolling Fork Public Utility District
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2026 (Continued)

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	$ 116,145	$ 31,236	$ 984	$ 22,989	$ 171,354	$ -	$ 171,354
Accrued interest payable	-	-	-	-	-	22,803	22,803
Customer deposits	43,618	-	-	-	43,618	-	43,618
Participant deposits	-	100,222	-	-	100,222	(62,263)	37,959
Due to others	1,715	-	-	-	1,715	-	1,715
Interfund payables	23,340	-	135,582	11,107	170,029	(170,029)	-
Long-term liabilities							
Due within one year	-	-	-	-	-	160,000	160,000
Due after one year	-	-	-	-	-	7,607,129	7,607,129
Total Liabilities	184,818	131,458	136,566	34,096	486,938	7,557,640	8,044,578
Deferred Inflows of Resources							
Deferred property tax revenues	59,555	-	23,185	-	82,740	(82,740)	-
Fund Balances/Net Position							
Fund balances							
Nonspendable, prepaid expenditures	20,793	-	-	-	20,793	(20,793)	-
Restricted							
Water, sewer, and drainage	-	-	-	3,234,703	3,234,703	(3,234,703)	-
Debt service	-	-	493,503	-	493,503	(493,503)	-
Assigned							
Future expenditures	92,625	-	-	-	92,625	(92,625)	-
Operating reserve	62,263	-	-	-	62,263	(62,263)	-
Unassigned	3,157,063	-	-	-	3,157,063	(3,157,063)	-
Total fund balances	3,332,744	-	493,503	3,234,703	7,060,950	(7,060,950)	-
Total liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,577,117	$ 131,458	$ 653,254	$ 3,268,799	$ 7,630,628		
Net position							
Net investment in capital assets						2,242,532	2,242,532
Restricted for debt service						356,103	356,103
Restricted for capital projects						21,201	21,201
Unrestricted						3,424,181	3,424,181
Total net position						$ 6,044,017	$ 6,044,017

Rolling Fork Public Utility District
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
Year Ended April 30, 2026

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	$ 834,555	$ -	$ 338,091	$ -	$ 1,172,646	$ 21,609	$ 1,194,255
Water service	524,524	-	-	-	524,524	-	524,524
Sewer service	521,356	377,791	-	-	899,147	(246,289)	652,858
Penalty and interest	15,908	-	13,195	-	29,103	4,928	34,031
Tap connection and inspection fees	6,016	-	-	-	6,016	-	6,016
Investment income	113,207	-	12,663	267	126,137	-	126,137
Total Revenues	2,015,566	377,791	363,949	267	2,757,573	(219,752)	2,537,821
Expenditures/Expenses							
Service operations							
Purchased services	587,857	6,296	-	-	594,153	(233,574)	360,579
Professional fees	171,633	26,269	6,330	-	204,232	-	204,232
Contracted services	173,616	41,100	24,193	-	238,909	-	238,909
Solid waste	250,706	-	-	-	250,706	-	250,706
Utilities	39,911	38,299	-	-	78,210	-	78,210
Parks and recreation	68,022	-	-	-	68,022	-	68,022
Repairs and maintenance	266,160	203,377	-	-	469,537	-	469,537
Other expenditures	75,189	23,758	5,734	55	104,736	-	104,736
Capital outlay	199,936	38,692	-	132,147	370,775	(370,775)	-
Depreciation	-	-	-	-	-	277,755	277,755
Debt service							
Principal retirement	-	-	160,000	-	160,000	(160,000)	-
Interest and fees	-	-	99,837	-	99,837	17,397	117,234
Debt issuance costs	-	-	-	266,327	266,327	-	266,327
Total Expenditures/Expenses	1,833,030	377,791	296,094	398,529	2,905,444	(469,197)	2,436,247
Excess (Deficiency) of Revenues Over Over Expenditures	182,536	-	67,855	(398,262)	(147,871)	147,871	
Other Financing Sources (Uses)							
Interfund transfers in (out)	70,000	-	-	(70,000)	-	-	
General obligation bonds issued	-	-	156,919	3,818,081	3,975,000	(3,975,000)	
Discount on debt issued	-	-	-	(115,116)	(115,116)	115,116	
Total Other Financing Sources	70,000	-	156,919	3,632,965	3,859,884	(3,859,884)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	252,536	-	224,774	3,234,703	3,712,013	(3,712,013)	
Change in Net Position						101,574	101,574
Fund Balances/Net Position							
Beginning of year	3,080,208	-	268,729	-	3,348,937	-	5,942,443
End of year	$ 3,332,744	$ -	$ 493,503	$ 3,234,703	$ 7,060,950	$ -	$ 6,044,017

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

Rolling Fork Public Utility District (District) was created pursuant to House Bill 1809, Acts of the 62nd Legislature of the State of Texas, Regular Session, 1971. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (Commission). The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides recreational facilities and solid waste collection services.

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

Reporting Entity

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

The District is a participant in the Rolling Fork Public Utility District Joint Sewage Treatment Plant (Plant), which was constructed to provide wastewater treatment facilities on behalf of all participants, as further described in Note 7. Operations of the Plant are accounted for in the special revenue fund. The Board of the District has the responsibility of approving budgets, setting rates, and determining the day-to-day operations. The District retains an ongoing financial interest and responsibility. Complete financial information for the Plant may be obtained from Strawn & Richardson, P.C., 1155 Dairy Ashford Road, Suite 875, Houston, Texas 77079.

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

Special Revenue Fund – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible

amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended April 30, 2026 include collections during the current period or within 60 days of year-end related to the 2025 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended April 30, 2026, the 2025 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years
Recreational facilities	20 years

Debt Issuance Costs

Debt issuance costs do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$ 6,671,122
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	82,740
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	19,137
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(22,803)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	(7,767,129)
Adjustment to fund balances to arrive at net position.	$ (1,016,933)

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

Change in fund balances.	$ 3,712,013
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current period.	80,305
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	115,116

Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	$ (3,815,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	26,537
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(17,397)
Change in net position of governmental activities.	$ 101,574

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

At April 30, 2026, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

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

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

		Maturities in Years			
Type	Amortized Cost	Less Than 1	1–5	6–10	More Than 10
TexPool	$ 3,660,942	$ 3,660,942	$ -	$ -	$ -

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

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

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at April 30, 2026 as follows:

Carrying value	
Deposits	$ 3,512,427
Investments	3,660,942
Total	$ 7,173,369

Investment Income

Investment income of $126,137 for the year ended April 30, 2026 consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended April 30, 2026 is presented as follows:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable			
Land and improvements	$ 508,530	$ -	$ 508,530
Construction in progress	81,415	132,146	213,561
Total capital assets, non-depreciable	589,945	132,146	722,091
Capital assets, depreciable			
Water production and distribution facilities	3,843,435	181,307	4,024,742
Wastewater collection and treatment facilities	7,194,637	32,025	7,226,662
Recreational facilities	136,192	12,582	148,774
Total capital assets, depreciable	11,174,264	225,914	11,400,178

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Less accumulated depreciation			
Water production and distribution facilities	$ (2,503,251)	$ (80,792)	$ (2,584,043)
Wastewater collection and treatment facilities	(2,556,317)	(193,616)	(2,749,933)
Recreational facilities	(113,824)	(3,347)	(117,171)
Total accumulated depreciation	(5,173,392)	(277,755)	(5,451,147)
Total governmental activities, net	$ 6,590,817	$ 80,305	$ 6,671,122

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended April 30, 2026 were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable					
General obligation bonds	$ 4,125,000	$ 3,975,000	$ 160,000	$ 7,940,000	$ 160,000
Less discounts on bonds	60,569	115,116	2,814	172,871	-
Total governmental activities long-term liabilities	$ 4,064,431	$ 3,859,884	$ 157,186	$ 7,767,129	$ 160,000

General Obligation Bonds

	Series 2015	Series 2021
Amounts outstanding, April 30, 2026	$1,160,000	$2,805,000
Interest rates	2.00% to 3.25%	2.000% to 2.125%
Maturity dates, serially beginning/ending	October 1, 2026/2037	October 1, 2026/2044
Interest payment dates	October 1/April 1	October 1/April 1
Callable dates*	October 1, 2022	October 1, 2026

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

	Series 2026
Amount outstanding, April 30, 2026	$3,975,000
Interest rates	3.125% to 5.000%
Maturity dates, serially beginning/ending	October 1, 2027/2050
Interest payment dates	October 1/April 1
Callable date*	October 1, 2032

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at April 30, 2026:

Year	Principal	Interest	Total
2027	$ 160,000	$ 251,436	$ 411,436
2028	260,000	242,631	502,631
2029	260,000	233,581	493,581
2030	265,000	224,481	489,481
2031	270,000	215,281	485,281
2032–2036	1,430,000	942,550	2,372,550
2037–2041	1,605,000	733,651	2,338,651
2042–2046	1,760,000	520,115	2,280,115
2047–2051	1,930,000	198,800	2,128,800
Total	$ 7,940,000	$ 3,562,526	$ 11,502,526

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount, and are further payable from and secured by a lien on and a pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

Bonds voted	$ 24,215,000
Bonds sold	12,945,000

Note 5. Significant Bond Order and Commission Requirements

(A) The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended April 30, 2026, the District levied an ad valorem debt service tax at the rate of $0.1200 per $100 of assessed valuation, which resulted in a tax levy of $345,598 on the taxable valuation of $287,998,550 for the 2025 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are $335,076, of which $47,219 has been paid and $287,857 is due on October 1, 2026.

(B) In accordance with the Series 2026 Bond Order, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year	$ -
Additions – Interest appropriated from bond proceeds, Series 2026	156,919
Bond interest reserve, end of year	$ 156,919

(C) During the current year, the District transferred $70,000 from the capital projects fund to the general fund. The transfer was made in accordance with the rules of the Commission.

Note 6. Maintenance Taxes

At an election held August 9, 1975, voters authorized a maintenance tax not to exceed $0.40 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended April 30, 2026, the District levied an ad valorem maintenance tax at the rate of $0.2950 per $100 of assessed valuation, which resulted in a tax levy of $849,596 on the taxable valuation of $287,998,550 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Agreement With Other District

Joint Sewage Treatment Plant

Effective May 1, 1997, the District and Harris County Municipal Utility District No. 261 (District No. 261) entered into an agreement whereby District No. 261 would purchase capacity in water production and wastewater treatment facilities owned and constructed by the District. In October 2001, District No. 261 withdrew from the water contract.

The agreement provides for the District to hold title to and operate the facilities. Operating costs of the wastewater treatment plant are shared by the districts on a pro rata usage basis. Expansions and modifications to the wastewater treatment plant and repairs considered to be extraordinary are shared based on owned capacity.

The agreement provides for each district to establish an operating reserve equal to two months of its share of estimated operating costs for the wastewater treatment plant. As of April 30, 2026, the District and District No. 261 had contributed $62,263 and $37,959, respectively, to the reserve.

Operations of the wastewater treatment plant are accounted for in the special revenue fund. Transactions for the current year are summarized as follows:

	The District	District No. 261	Total
Receivable, beginning of year	$ 93,618	$ 85,017	$ 178,635
Participant billings	233,574	144,217	377,791
Collections	(303,852)	(205,637)	(509,489)
Receivable, end of year	$ 23,340	$ 23,597	$ 46,937

At April 30, 2026, the District owns 67.14% and District No. 261 owns 32.86% of the capacity in the joint wastewater treatment plant.

City of Houston

The District has a contract for water supply with the City, which will enable it to meet the groundwater reduction requirements of the Harris-Galveston Subsidence District. The water is delivered through a waterline built by the Fairbanks-North Houston Water Consortium. On August 24, 2006, the City accepted the conveyance of the waterline and related facilities. The City is responsible for operating, maintaining, repairing, and replacing the facilities conveyed to it. The term of this agreement is 40 years. The charge for water received from the City will be the rates set by the prevailing City ordinances, which establish rates for all contract-treated water customers. The current rate is $4.73 per thousand gallons. The District's current monthly quantity for which it must pay, whether taken or not, is 5.6967 million gallons per month. The City adds an additional fee to all usage over the minimum bill, determined by multiplying the excess gallons used (expressed in units of 1,000 gallons) by a current rate of $1.26. The District is authorized to revise its minimum monthly quantity no more than once each calendar year.

During the current fiscal year, the District recorded an expenditure of $354,283 for water purchased from the City.

Note 8. Risk Management

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

Required Supplementary Information

Rolling Fork Public Utility District
Budgetary Comparison Schedule – General Fund
Year Ended April 30, 2026

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 800,000	$ 834,555	$ 34,555
Water service	480,000	524,524	44,524
Sewer service	473,000	521,356	48,356
Penalty and interest	14,500	15,908	1,408
Tap connection and inspection fees	5,000	6,016	1,016
Investment income	65,000	113,207	48,207
Total Revenues	1,837,500	2,015,566	178,066
Expenditures			
Service operations			
Purchased services	565,121	587,857	(22,736)
Professional fees	164,500	171,633	(7,133)
Contracted services	175,192	173,616	1,576
Solid waste	245,000	250,706	(5,706)
Utilities	27,500	39,911	(12,411)
Parks and recreation	139,960	68,022	71,938
Repairs and maintenance	282,000	266,160	15,840
Other expenditures	116,788	75,189	41,599
Capital outlay	329,973	199,936	130,037
Total Expenditures	2,046,034	1,833,030	213,004
Excess (Deficiency) of Revenues Over Expenditures	(208,534)	182,536	391,070
Other Financing Sources			
Interfund transfers in	-	70,000	70,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(208,534)	252,536	461,070
Fund Balance, Beginning of Year	3,080,208	3,080,208	-
Fund Balance, End of Year	$ 2,871,674	$ 3,332,744	$ 461,070

Rolling Fork Public Utility District
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended April 30, 2026

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sewer service	$ 601,330	$ 377,791	$ (223,539)
Expenditures			
Service operations			
Purchased services	3,000	6,296	(3,296)
Professional fees	23,600	26,269	(2,669)
Contracted services	43,100	41,100	2,000
Utilities	60,000	38,299	21,701
Repairs and maintenance	242,800	203,377	39,423
Other expenditures	23,330	23,758	(428)
Capital outlay	205,500	38,692	166,808
Total Expenditures	601,330	377,791	223,539
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the current year and expenditures expected to be incurred. The Board is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets of the general fund and the special revenue fund were not amended during fiscal year 2026.

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

Supplementary Information

Rolling Fork Public Utility District
Other Schedules Included Within This Report
April 30, 2026

(Schedules included are checked or explanatory notes provided for omitted schedules.)

[X] Notes Required by the Water District Accounting Manual
See “Notes to Financial Statements,” Pages 11–21

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-Term Bonded Debt

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

[X] Board Members, Key Personnel, and Consultants

Rolling Fork Public Utility District
Schedule of Services and Rates
Year Ended April 30, 2026

1. Services provided by the District

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

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

___ Other _____

2. Retail service providers

a. Retail rates for a 5/8" meter (or equivalent):
Per rate order dated February 25, 2026

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	$ 40.00	5,000	N	$ 2.88	5,001 to 9,000
				$ 3.05	9,001 to 10,000
				$ 3.60	10,001 to 15,000
				$ 3.88	15,001 to 30,000
				$ 4.43	30,001 to 40,000
				$ 4.71	40,001 to 50,000
				$ 4.99	50,001 to No Limit
Wastewater:	$ 51.45 **	-	Y		

Does the District employ winter averaging for wastewater usage? Yes ___ No X

Total charges per 10,000 gallons usage (including fees): Water $ 54.57 Wastewater $ 51.45

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	764	748	x1.0	748
1"	7	7	x2.5	18
1 1/2"	10	10	x5.0	50
2"	18	18	x8.0	144
3"	1	1	x15.0	15
4"	2	2	x25.0	50
6"	1	1	x50.0	50
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	806	790		1,315
Total wastewater	775	759	x1.0	759

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

Gallons pumped into the system:	92,620
Gallons billed to customers:	86,658
Water accountability ratio (gallons billed/gallons pumped):	93.56%

*"ESFC" means equivalent single-family connections
**Rate for Sections 5, 6, and 7. Rate for Sections 1, 2, 3, and 4 is $59.16.

Rolling Fork Public Utility District
Schedule of General Fund Expenditures
Year Ended April 30, 2026

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 21,800	
Legal	86,462	
Engineering	63,371	
Financial advisor	-	171,633
Purchased Services for Resale		
Bulk water – City of Houston	354,283	
Wastewater service	233,574	587,857
Regional Water Fee		-
Contracted Services		
Bookkeeping	32,200	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	65,000	
Other contracted services	76,416	173,616
Utilities		39,911
Repairs and Maintenance		266,160
Administrative Expenditures		
Directors' fees	15,249	
Office supplies	17,622	
Insurance	19,177	
Other administrative expenditures	23,141	75,189
Capital Outlay		
Capitalized assets	199,936	
Expenditures not capitalized	-	199,936
Tap Connection Expenditures		-
Solid Waste Disposal		250,706
Fire Fighting		-
Parks and Recreation		68,022
Other Expenditures		-
Total Expenditures		$ 1,833,030

Rolling Fork Public Utility District
Schedule of Temporary Investments
April 30, 2026

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	3.67%	Demand	$ 3,098,236	$ -
Debt Service Fund				
TexPool	3.67%	Demand	562,706	-
Totals			$ 3,660,942	$ -

Rolling Fork Public Utility District
Analysis of Taxes Levied and Receivable
Year Ended April 30, 2026

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 45,199	$ 15,932
Additions and corrections to prior years' taxes	(685)	(254)
Adjusted Receivable, Beginning of Year	44,514	15,678
2025 Original Tax Levy	846,979	344,534
Additions and corrections	2,617	1,064
Adjusted tax levy	849,596	345,598
Total to Be Accounted For	894,110	361,276
Tax collections: Current year	(804,514)	(327,260)
Prior years	(30,041)	(10,831)
Receivable, End of Year	$ 59,555	$ 23,185
Receivable, by Years		
2025	$ 45,082	$ 18,338
2024	3,949	1,424
2023	2,187	786
2022	1,644	668
2021	1,191	541
2020	1,552	358
2019	1,079	249
2018	739	226
2017	510	156
2016	357	115
2015	276	163
2014	241	161
2013	374	-
2012	374	-
Receivable, End of Year	$ 59,555	$ 23,185

Rolling Fork Public Utility District
Analysis of Taxes Levied and Receivable
Year Ended April 30, 2026 **(Continued)**

	2025	2024	2023	2022
Property Valuations				
Land	$ 74,284,710	$ 68,830,313	$ 63,685,391	$ 55,358,236
Improvements	212,857,596	208,738,479	188,753,096	161,413,649
Personal property	18,129,087	10,183,830	7,463,559	10,290,780
Exemptions	(17,272,843)	(17,020,065)	(34,169,901)	(25,249,792)
Total Property Valuations	$ 287,998,550	$ 270,732,557	$ 225,732,145	$ 201,812,873
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.1200	$ 0.1100	$ 0.1150	$ 0.1300
Maintenance tax rates*	0.2950	0.3050	0.3200	0.3200
Total Tax Rates per $100 Valuation	$ 0.4150	$ 0.4150	$ 0.4350	$ 0.4500
Tax Levy	$ 1,195,194	$ 1,123,540	$ 981,935	$ 908,157
Percent of Taxes Collected to Taxes Levied**	95%	99%	99%	99%

*Maximum tax rate approved by voters: $0.40 on August 9, 1975
**Calculated as taxes collected for a tax year divided by taxes levied for that tax year

Rolling Fork Public Utility District
Schedule of Long-Term Debt Service Requirements by Years
April 30, 2026

Due During Fiscal Years Ending April 30	Series 2015 Principal Due October 1	Series 2015 Interest Due October 1, April 1	Total
2027	$ 100,000	$ 34,200	$ 134,200
2028	100,000	31,200	131,200
2029	100,000	28,200	128,200
2030	100,000	25,200	125,200
2031	100,000	22,200	122,200
2032	100,000	19,200	119,200
2033	100,000	16,200	116,200
2034	100,000	13,200	113,200
2035	90,000	10,238	100,238
2036	90,000	7,312	97,312
2037	90,000	4,388	94,388
2038	90,000	1,462	91,462
Totals	$ 1,160,000	$ 213,000	$ 1,373,000

Rolling Fork Public Utility District
Schedule of Long-Term Debt Service Requirements by Years
April 30, 2026 **(Continued)**

Due During Fiscal Years Ending April 30	Series 2021 Principal Due October 1	Series 2021 Interest Due October 1, April 1	Series 2021 Total
2027	$ 60,000	$ 58,138	$ 118,138
2028	65,000	56,887	121,887
2029	65,000	55,588	120,588
2030	70,000	54,237	124,237
2031	75,000	52,788	127,788
2032	80,000	51,237	131,237
2033	85,000	49,588	134,588
2034	90,000	47,837	137,837
2035	105,000	45,888	150,888
2036	115,000	43,616	158,616
2037	120,000	41,118	161,118
2038	130,000	38,463	168,463
2039	225,000	34,690	259,690
2040	235,000	29,804	264,804
2041	240,000	24,756	264,756
2042	250,000	19,550	269,550
2043	260,000	14,131	274,131
2044	265,000	8,553	273,553
2045	270,000	2,869	272,869
Totals	$ 2,805,000	$ 729,738	$ 3,534,738

Rolling Fork Public Utility District
Schedule of Long-Term Debt Service Requirements by Years
April 30, 2026 **(Continued)**

Due During Fiscal Years Ending April 30	Series 2026 Principal Due October 1	Series 2026 Interest Due October 1, April 1	Total
2027	$ -	$ 159,098	$ 159,098
2028	95,000	154,544	249,544
2029	95,000	149,793	244,793
2030	95,000	145,044	240,044
2031	95,000	140,293	235,293
2032	95,000	135,544	230,544
2033	95,000	130,793	225,793
2034	95,000	126,934	221,934
2035	95,000	123,966	218,966
2036	95,000	120,997	215,997
2037	95,000	117,969	212,969
2038	95,000	114,882	209,882
2039	95,000	111,794	206,794
2040	95,000	108,706	203,706
2041	95,000	105,619	200,619
2042	95,000	102,531	197,531
2043	90,000	99,356	189,356
2044	90,000	96,094	186,094
2045	90,000	92,831	182,831
2046	350,000	84,200	434,200
2047	360,000	70,000	430,000
2048	370,000	55,400	425,400
2049	385,000	40,300	425,300
2050	395,000	24,700	419,700
2051	420,000	8,400	428,400
Totals	$ 3,975,000	$ 2,619,788	$ 6,594,788

Rolling Fork Public Utility District
Schedule of Long-Term Debt Service Requirements by Years
April 30, 2026 **(Continued)**

Due During Fiscal Years Ending April 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 160,000	$ 251,436	$ 411,436
2028	260,000	242,631	502,631
2029	260,000	233,581	493,581
2030	265,000	224,481	489,481
2031	270,000	215,281	485,281
2032	275,000	205,981	480,981
2033	280,000	196,581	476,581
2034	285,000	187,971	472,971
2035	290,000	180,092	470,092
2036	300,000	171,925	471,925
2037	305,000	163,475	468,475
2038	315,000	154,807	469,807
2039	320,000	146,484	466,484
2040	330,000	138,510	468,510
2041	335,000	130,375	465,375
2042	345,000	122,081	467,081
2043	350,000	113,487	463,487
2044	355,000	104,647	459,647
2045	360,000	95,700	455,700
2046	350,000	84,200	434,200
2047	360,000	70,000	430,000
2048	370,000	55,400	425,400
2049	385,000	40,300	425,300
2050	395,000	24,700	419,700
2051	420,000	8,400	428,400
Totals	$ 7,940,000	$ 3,562,526	$ 11,502,526

Rolling Fork Public Utility District
Changes in Long-Term Bonded Debt
Year Ended April 30, 2026

	Bond Issues			
	Series 2015	**Series 2021**	**Series 2026**	**Totals**
Interest rates	2.00% to 3.25%	2.000% to 2.125%	3.125% to 5.000%	
Dates interest payable	October 1/April 1	October 1/April 1	October 1/April 1	
Maturity dates	October 1, 2026/2037	October 1, 2026/2044	October 1, 2027/2050	
Bonds outstanding, beginning of current year	$ 1,260,000	$ 2,865,000	$ -	$ 4,125,000
Bonds sold during current year	-	-	3,975,000	3,975,000
Retirements, principal	100,000	60,000	-	160,000
Bonds outstanding, end of current year	$ 1,160,000	$ 2,805,000	$ 3,975,000	$ 7,940,000
Interest paid during current year	$ 37,200	$ 59,337	$ -	$ 96,537

Paying agent's name and address

Series 2015 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2021 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2026 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority

	Tax Bonds	**Other Bonds**	**Refunding Bonds**
Amount authorized by voters	$ 24,215,000	$ -	$ -
Amount issued	$ 12,945,000	$ -	$ -
Remaining to be issued	$ 11,270,000	$ -	$ -

Debt service fund cash and temporary investment balances as of April 30, 2026:	$ 630,069
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 460,101

Rolling Fork Public Utility District
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended April 30,

	Amounts				
	2026	**2025**	**2024**	**2023**	**2022**
General Fund					
Revenues					
Property taxes	$ 834,555	$ 826,849	$ 712,880	$ 632,198	$ 592,308
Water service	524,524	467,109	495,009	503,074	398,028
Sewer service	521,356	472,394	458,996	446,577	418,171
Penalty and interest	15,908	14,939	13,851	13,238	12,094
Tap connection and inspection fees	6,016	5,968	5,400	159,273	4,246
Investment income	113,207	130,661	136,028	97,895	1,449
Total Revenues	2,015,566	1,917,920	1,822,164	1,852,255	1,426,296
Expenditures					
Service operations					
Purchased services	587,857	791,670	482,185	482,592	396,058
Professional fees	171,633	167,053	172,499	129,042	112,996
Contracted services	173,616	137,531	90,145	86,688	76,006
Solid waste	250,706	240,196	226,915	214,059	203,017
Utilities	39,911	23,606	25,392	24,595	29,885
Parks and recreation	68,022	112,756	56,463	63,206	51,995
Repairs and maintenance	266,160	256,524	272,822	224,363	146,277
Other expenditures	75,189	94,032	73,674	75,443	66,882
Tap connections	-	-	-	51,550	-
Capital outlay	199,936	95,158	82,151	702,317	10,600
Total Expenditures	1,833,030	1,918,526	1,482,246	2,053,855	1,093,716
Excess (Deficiency) of Revenues Over Expenditures	182,536	(606)	339,918	(201,600)	332,580
Other Financing Sources					
Interfund transfers in	70,000	-	-	-	46,308
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	252,536	(606)	339,918	(201,600)	378,888
Fund Balance, Beginning of Year	3,080,208	3,080,814	2,740,896	2,942,496	2,563,608
Fund Balance, End of Year	$ 3,332,744	$ 3,080,208	$ 3,080,814	$ 2,740,896	$ 2,942,496
Total Active Retail Water Connections	790	789	786	786	784
Total Active Retail Wastewater Connections	759	762	759	759	757

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
41.4 %	43.1 %	39.1 %	34.1 %	41.5 %
26.0	24.4	27.2	27.2	27.9
25.9	24.6	25.2	24.1	29.3
0.8	0.8	0.7	0.7	0.9
0.3	0.3	0.3	8.6	0.3
5.6	6.8	7.5	5.3	0.1
100.0	100.0	100.0	100.0	100.0
29.2	41.3	26.4	26.1	27.8
8.5	8.7	9.5	7.0	7.9
8.6	7.2	5.0	4.7	5.4
12.4	12.5	12.4	11.6	14.3
2.0	1.2	1.4	1.3	2.1
3.4	5.9	3.1	3.4	3.4
13.2	13.4	15.0	12.1	10.3
3.7	4.9	4.0	4.0	4.8
-	-	-	2.8	-
9.9	4.9	4.5	37.9	0.7
90.9	100.0	81.3	110.9	76.7
9.1 %	- %	18.7 %	(10.9) %	23.3 %

Rolling Fork Public Utility District
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended April 30,

	Amounts				
	2026	**2025**	**2024**	**2023**	**2022**
Debt Service Fund					
Revenues					
Property taxes	$ 338,091	$ 298,258	$ 257,620	$ 258,584	$ 263,694
Penalty and interest	13,195	16,632	16,054	13,720	13,273
Investment income	12,663	12,709	13,603	7,636	346
Total Revenues	363,949	327,599	287,277	279,940	277,313
Expenditures					
Current					
Professional fees	6,330	5,031	5,114	4,199	4,721
Contracted services	24,193	25,045	23,911	22,928	23,167
Other expenditures	5,734	6,432	5,213	5,179	4,857
Debt service					
Principal retirement	160,000	155,000	155,000	155,000	100,000
Interest and fees	99,837	100,688	106,362	110,137	113,113
Total Expenditures	296,094	292,196	295,600	297,443	245,858
Excess (Deficiency) of Revenues Over Expenditures	67,855	35,403	(8,323)	(17,503)	31,455
Other Financing Sources					
General obligation bonds issued	156,919	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	224,774	35,403	(8,323)	(17,503)	31,455
Fund Balance, Beginning of Year	268,729	233,326	241,649	259,152	227,697
Fund Balance, End of Year	$ 493,503	$ 268,729	$ 233,326	$ 241,649	$ 259,152

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
92.9 %	91.0 %	89.7 %	92.4 %	95.1 %
3.6	5.1	5.6	4.9	4.8
3.5	3.9	4.7	2.7	0.1
100.0	100.0	100.0	100.0	100.0
1.7	1.5	1.8	1.5	1.7
6.7	7.7	8.3	8.2	8.3
1.6	2.0	1.8	1.9	1.8
44.0	47.3	54.0	55.4	36.1
27.4	30.7	37.0	39.3	40.8
81.4	89.2	102.9	106.3	88.7
18.6 %	10.8 %	(2.9) %	(6.3) %	11.3 %

Rolling Fork Public Utility District
Board Members, Key Personnel, and Consultants
Year Ended April 30, 2026

Complete District mailing address:	Rolling Fork Public Utility District c/o Strawn & Richardson, P.C. 1155 Dairy Ashford Road, Suite 875 Houston, TX 77079
District business telephone number:	713.864.5466
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	February 28, 2025
Limit on fees of office that a director may receive during a fiscal year:	$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Debbie Gibson	Elected 11/24–11/28	$ 3,094	$ 18	President
Jude B. Wiggins	Elected 11/24–11/28	3,094	38	Vice President
Mark Diaz	Appointed 02/25–11/26	3,094	17	Secretary
Amanda Buckson	Elected 11/22–11/26	2,873	1,520	Assistant Secretary
Ronald van Til	Elected 11/22–11/26	3,094	-	Assistant Secretary

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

Rolling Fork Public Utility District
Board Members, Key Personnel, and Consultants
Year Ended April 30, 2026 **(Continued)**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
A&S Engineers, Inc.	02/06	$ 282,795	Engineer
Equi-Tax Inc.	01/74	18,017	Tax Assessor/ Collector
Forvis Mazars, LLP	04/99	28,300	Auditor
Harris Central Appraisal District	Legislative Action	8,954	Appraiser
M. Marlon Ivy & Associates, Inc.	07/12	417,262	Operator
Masterson Advisors LLC	05/18	86,427	Financial Advisor
Myrtle Cruz, Inc.	06/18	51,045	Bookkeeper
Strawn & Richardson, P.C.	08/99	90,342 80,422	General Counsel Bond Counsel
Investment Officer			
Debbie Gibson	09/25/95	N/A	President

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

SPECIMEN

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

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

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