OFFICIAL STATEMENT DATED NOVEMBER 16, 2026

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

*THE BONDS HAVE **NOT** BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.*

NEW ISSUE-BOOK-ENTRY-ONLY

Insured Rating (BAM): S&P "AA" (stable outlook)
Underlying Rating: Moody's "A3"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 287

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

$13,190,000
UNLIMITED TAX BONDS
SERIES 2026

The bonds described above (the "Bonds") are obligations solely of Harris County Municipal Utility District No. 287 (the "District"), and are not obligations of the City of Houston, Harris County, the State of Texas, or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

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

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected on or about December 17, 2026) (the "Date of Delivery") and is payable on each September 1 and March 1 (each an "Interest Payment Date") commencing September 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown below.

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

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

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Maturity (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2027	$ 235,000		5.000 %	3.50 %	41422L LK1	2040	$ 235,000	(a)	5.000 %	4.60 %	41422L LY1
2028	240,000		5.000	3.40	41422L LL9	2041	850,000	(a)	5.000	4.69	41422L LZ8
2029	240,000		5.000	3.51	41422L LM7	2042	850,000	(a)	5.000	4.79	41422L MA2
2030	240,000		5.000	3.62	41422L LN5	2043	850,000	(a)	5.000	4.86	41422L MB0
2031	240,000		5.000	3.73	41422L LP0	2044	850,000	(a)	5.000	4.93	41422L MC8
2032	240,000		5.000	3.84	41422L LQ8	2045	850,000	(a)	5.000	5.00	41422L MD6
2033	240,000	(a)	5.000	4.00	41422L LR6	2046	850,000	(a)	5.000	5.03	41422L ME4
2034	240,000	(a)	4.000	4.15	41422L LS4	2047	950,000	(a)	5.000	5.08	41422L MF1
2035	240,000	(a)	4.000	4.25	41422L LT2	2048	950,000	(a)	5.000	5.11	41422L MG9
2036	240,000	(a)	4.125	4.35	41422L LU9	2049	950,000	(a)	5.000	5.15	41422L MH7
2037	240,000	(a)	4.250	4.45	41422L LV7	2050	950,000	(a)	5.000	5.18	41422L MJ3
2038	235,000	(a)	5.000	4.37	41422L LW5	2051	950,000	(a)	5.000	5.21	41422L MK0
2039	235,000	(a)	5.000	4.48	41422L LX3						

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

(b) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter (as defined herein) for offers to the public and which subsequently may be changed.

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

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about December 17, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by TD Financial Products LLC (the "Underwriter"), paying the interest rates shown on the cover page hereof, at a price of 98.6537% of the principal amount thereof which resulted in a net effective interest rate of 5.044869% as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description.....Harris County Municipal Utility District No. 287 (the "District") is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the "TCEQ") on July 29, 1985, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently consists of approximately 712 acres of land. See "THE DISTRICT."

Location.....The District is located approximately 25 miles west of the central downtown business district of the City of Houston, Texas in Harris County. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Katy Independent School District. The District is located along Texas State Highway 99 (the "Grand Parkway") and lies mostly north of Morton Road, south of Clay Road, and west of Mason Road. See "THE DISTRICT—Description and Location" and "AERIAL PHOTOGRAPH."

Status of Development.....The residential portion of the District has been developed as Waterstone and Morton Ranch, consisting of 1,156 lots on approximately 237 acres. As of September 28, 2026, homes had been constructed on all lots (1,150 occupied). Based on the 2026 tax rolls of the District, the average taxable home value is approximately $304,000. See "THE DISTRICT—Land Use," and "—Status of Development."

The Seville at Clay Crossing, a 351-unit apartment complex, has been constructed on approximately 15 acres within the District. The Brea Luxury Apartments, a 325-unit apartment complex, has been constructed on approximately 15 acres within the District. In addition, The Linz Luxury Living Apartments, a 305-unit apartment complex, has been constructed on approximately 12 acres within the District.

Approximately 219 acres of land within the District have been developed for commercial purposes. Of such acreage, approximately 50 acres of the commercial development are served with utilities but do not currently have above-ground improvements. Commercial development in the District includes the Grand Morton Town Center which consists of a Wal-Mart with gas facilities, a McDonald's, a Taco Bell, a Regions Bank and a retail strip center. In addition, an approximately 433,200 square foot industrial building, occupied by RTIC Outdoors, LLC, has been constructed on approximately 24 acres and an approximately 805,600 square foot building, occupied by Amazon, has been constructed on approximately 54 acres. Additional commercial development in the District includes a CVS, a self-storage facility, a Discount Tire, auto repair shops, gas stations, a credit union, an early education center, an independent motel, a car wash and multiple retail strip centers consisting of fast-food establishments and retail and service businesses.

The remainder of the District consists of approximately 214 undevelopable acres. See "THE DISTRICT—Land Use" and "—Status of Development."

Payment Record.....The District has previously issued eight series of unlimited tax bonds for water, sewer and drainage facilities, one series of unlimited tax bonds for road facilities, and two series of unlimited tax refunding bonds in the aggregate principal amount of $76,720,000, of which $48,940,000 principal amount remains outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District has never defaulted on its debt service obligations.

THE BONDS

Description.....The $13,190,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are being issued as fully registered bonds pursuant to a resolution (the "Bond Resolution") authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in each of the years 2027 through 2051, both inclusive, in the principal amounts and accrue interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery, and is payable on September 1, 2027, and each March 1 and September 1 thereafter, until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. See "THE BONDS."

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

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

Use of Proceeds.....Proceeds of the Bonds will be used to pay for the construction costs and engineering fees shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to pay administrative costs and certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Authority for Issuance.....The Bonds are the ninth series of bonds issued out of an aggregate of $103,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sewer and drainage facilities. The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the Texas Commission on Environmental Quality (the "TCEQ") approving the issuance of the Bonds, and the Bond Resolution. In the TCEQ order, the TCEQ approved the sale of $23,190,000 principal amount of bonds. The Bonds are being issued pursuant to such TCEQ authorization in the amount of $13,190,000. The District reserves the right to issue the remaining $10,000,000 principal amount. Timing of any sale of the remaining $10,000,000 is unknown at this time. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt," and "INVESTMENT CONSIDERATIONS—Future Debt."

Source of Payment.....Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any entity other than the District. See "THE BONDS—Source of Payment."

Municipal Bond Rating and Municipal Bond Insurance....S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). Moody's Investors Service ("Moody's") has assigned an underlying rating of "A3" 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."

Not Qualified Tax-Exempt Obligations.....The Bonds have **not** been designated as "qualified tax-exempt obligations" for financial institutions.

Bond Counsel .....Allen Boone Humphries Robinson LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."

Financial Advisor .....Masterson Advisors LLC, Houston, Texas.

Disclosure Counsel .....McCall, Parkhurst & Horton L.L.P., Houston, Texas.

Paying Agent/Registrar .....The Bank of New York Mellon Trust Company, N.A., Houston, Texas.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$972,807,016 (a)
Gross Direct Debt Outstanding (including the Bonds)	$ 62,130,000 (b)
Estimated Overlapping Debt	49,858,800 (c)
Gross Direct Debt and Estimated Overlapping Debt	$111,988,800
Ratio of Gross Direct Debt to:	
2026 Taxable Assessed Valuation	6.39%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2026 Taxable Assessed Valuation	11.51%
Debt Service Funds Available as of October 19, 2026:	
Water, Sewer and Drainage Debt Service Funds	$1,900,940 (d)
Road Debt Service Funds	316,703 (d)
Total Debt Service Funds Available	$2,217,643
Operating Funds Available as of October 19, 2026	$19,614,271
2026 Debt Service Tax Rate	$0.52
2026 Maintenance and Operations Tax Rate	0.42
Total 2026 Tax Rate	$0.94
Average Annual Debt Service (2027-2051)	$3,360,171 (e)
Maximum Annual Debt Service (2028)	$5,121,494 (e)
Tax Rate Required to Pay Average Annual Debt Service (2027-2051) at a 95% Collection Rate Based on 2026 Taxable Assessed Valuation	$0.37 (f)
Tax Rate Required to Pay Maximum Annual Debt Service (2028) at a 95% Collection Rate Based on 2026 Taxable Assessed Valuation	$0.56 (f)
Status of Development as of September 28, 2026 (g):	
Completed Homes (1,150 Occupied)	1,156
Multi-Family Units	981
Commercial	(g)
Estimated 2026 Population	5,987 (h)

(a) The 2026 Taxable Assessed Valuation shown herein includes $940,382,078 of certified value and $32,424,938 of uncertified value. The uncertified value represents the opinion after protest from the Appraisal District; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

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

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

(d) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to the Bonds and the Outstanding Water, Sewer and Drainage Bonds and a pro rata portion will be allocated to the Outstanding Road Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on bonds issued for road facilities and are not available to pay debt service on bonds issued for water, sewer and drainage facilities, including the Bonds. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. See "THE BONDS—Funds."

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

(f) See "TAX DATA—Tax Adequacy for Debt Service" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

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

(h) Based upon 3.5 persons per occupied single-family residence and 2 persons per multi-family unit.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 287

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

$13,190,000
UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 287 (the "District") of its $13,190,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the Texas Commission on Environmental Quality ("TCEQ") approving the issuance of the Bonds, and a resolution authorizing the issuance, sale and delivery of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"). In the TCEQ order, the TCEQ approved the sale of $23,190,000 principal amount of bonds. The Bonds are being issued pursuant to such TCEQ authorization in the amount of $13,190,000. The District reserves the right to issue the remaining $10,000,000 principal amount. Timing of any sale of the remaining $10,000,000 is unknown at this time.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

THE BONDS

Description

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

Method of Payment of Principal and Interest

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

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

Source of Payment

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

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

Funds

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

The District also maintains a Road Debt Service Fund that is not pledged on bonds issued for the purpose of constructing water, sewer and drainage facilities ("WSD Bonds"), including the Bonds. Funds in the Road Debt Service Fund are not available to pay principal and interest on the WSD Bonds, including the Bonds.

The proceeds from the sale of the Bonds shall be deposited into the Water/Sewer/Drainage Capital Projects Fund to pay the costs of acquiring or constructing District water, sewer and drainage facilities and the costs of issuing the Bonds. Any monies remaining in the Water/Sewer/Drainage Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Water/Sewer/Drainage Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of proceeds of the Bonds.

No Arbitrage

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

Redemption Provisions

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

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

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

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

Authority for Issuance

At a bond election held within the District on November 7, 2006, voters of the District have authorized the issuance of $103,000,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and $103,000,000 principal amount of unlimited tax bonds for refunding such debt. See "—Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the TCEQ approving the issuance of the Bonds, and the Bond Resolution. In the TCEQ order, the TCEQ approved the sale of $23,190,000 principal amount of bonds. The Bonds are being issued pursuant to such TCEQ authorization in the amount of $13,190,000. The District reserves the right to issue the remaining $10,000,000 principal amount. Timing of any sale of the remaining $10,000,000 is unknown at this time.

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

Registration and Transfer

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

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

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

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

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

Lost, Stolen or Destroyed Bonds

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

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District's voters have authorized the issuance of $103,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer or drainage facilities, $5,700,000 principal amount of unlimited tax bonds for acquiring or constructing park and recreational facilities, $10,000,000 principal amount of unlimited tax bonds for constructing road facilities, and $103,000,000 principal amount of unlimited tax bonds for refunding outstanding bonds and could authorize additional amounts. After the issuance of the Bonds, $27,970,000 principal amount of unlimited tax bonds authorized but unissued for acquiring or constructing water, sewer and drainage facilities, none of the unlimited tax bonds authorized for constructing road facilities, $102,790,000 principal amount of unlimited tax refunding bonds authorized but unissued, and all of the bonds authorized for park and recreational facilities will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS—Future Debt."

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

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

Annexation by the City of Houston

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

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

Strategic Partnership Agreement

Effective June 5, 2014, the District entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a "limited purpose annexation" of a portion of the land within the District that is planned to be developed for retail and commercial purposes. The SPA provides that the City of Houston will not annex the District for "full purposes" for thirty (30) years from the date of the SPA. The SPA also provides that the City of Houston will impose a one percent (1%) retail City of Houston Sales Tax within the portion of land annexed for limited purposes of which the District would receive one-half. However, that portion of land is within the boundaries of Harris County Emergency Services District No. 48 that purportedly has priority to collect the sales tax that would otherwise be available to the City of Houston. Since the City of Houston will not be collecting such tax, the District will not be receiving any sales tax revenue through the SPA. In any event, no sales tax revenue from the SPA is pledged toward the payment of principal and interest on the Bonds.

Consolidation

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

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitations."

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by BGE, Inc., the District's engineer (the "Engineer"). Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds. Surplus funds, including the surplus funds referenced below or any surplus funds resulting from the sale of the Bonds, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required. In the TCEQ order, the TCEQ approved the sale of $23,190,000 principal amount of bonds. The Bonds are being issued pursuant to such TCEQ authorization in the amount of $13,190,000. The District reserves the right to issue the remaining $10,000,000 principal amount. Timing of any sale of the remaining $10,000,000 is unknown at this time.

CONSTRUCTION COSTS		
0.8 MGD Permanent Wastewater Treatment Plant	$	9,705,000
Contingency		970,500
Engineering and Geotech/Materials Testing		1,485,540
Total Construction Costs	**$**	**12,161,040**
NON-CONSTRUCTION COSTS		
Bond Discount (a)	$	177,577
Total Non-Construction Costs	**$**	**177,577**
ISSUANCE COSTS AND FEES		
Issuance Costs and Professional Fees	$	560,785
Bond Application Report Costs		30,000
State Regulatory Fees		42,475
Contingency (a)		218,123
Total Issuance Costs and Fees	**$**	**851,383**
TOTAL BOND ISSUE REQUIREMENT	**$**	**13,190,000**

(a) Contingency represents the difference in the estimated and actual amount of Bond Discount.

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

THE DISTRICT

General

The District is a political subdivision of the State of Texas, created by an order of the Texas Water Commission, now known as the TCEQ, dated July 29, 1985. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 and Article II, Section 52 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended. The District currently contains approximately 712 acres of land.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District is also empowered to construct thoroughfare, arterial, and collector roads and improvements in aid thereof and to establish parks and recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct all of 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. 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 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, drainage, road and recreational facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain public facilities to be designed in accordance with applicable City of Houston standards. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

The District is located in Harris County approximately 25 miles west of the central downtown business district of the City of Houston. The District lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of Katy Independent School District. The District is located along Texas State Highway 99 (the "Grand Parkway") and lies mostly north of Morton Road, south of Clay Road, and west of Mason Road. See "AERIAL PHOTOGRAPH."

Land Use

The District currently includes approximately 237 acres of single-family residential development (1,156 lots), approximately 219 acres of commercial development, approximately 42 acres of multi-family development and approximately 214 acres of undevelopable land (drainage and pipeline easements, detention, open space, roads and utility sites). The table below represents a detailed breakdown of the current acreage and development in the District. The following table has been provided by the Engineer and represents the current land use within the District.

	Approximate Acres	Lots
Single-Family Residential		
Morton Ranch:		
Section Five	18	91
Section Six	12	70
Section Seven	19	100
Section Eight	14	90
Subtotal	63	351
Waterstone:		
Section One	23	111
Section Two	12	59
Section Three	16	60
Section Four	14	65
Section Five	27	123
Section Six	11	51
Section Seven	12	42
Section Eight	8	39
Section Nine	10	50
Section Ten	12	60
Section Eleven	7	40
Section Twelve	11	52
Section Thirteen	11	53
Subtotal	174	805
Total Single-Family Residential	237	1,156
Commercial (a)	219	---
Multi-Family	42	---
Undevelopable (b)	214	---
Total	712	1,156

(a) See "—Status of Development—*Commercial Development*" below.
(b) Includes drainage and pipeline easements, detention, open space, road and utility sites.

Status of Development

Single-Family Residential: The residential portion of the District has been developed as Waterstone and Morton Ranch, consisting of 1,156 lots on approximately 237 acres. As of September 28, 2026, homes had been constructed on all lots (1,150 occupied). Based on the 2026 tax rolls of the District, the average taxable home value is approximately $304,000. The estimated population of the District, based up on 3.5 persons per occupied residence and 2 persons per multi-family unit, is 5,987.

Multi-Family: The Seville at Clay Crossing, a 351-unit apartment complex, has been constructed on approximately 15 acres within the District. The Brea Luxury Apartments, a 325-unit apartment complex, has been constructed on approximately 15 acres within the District. In addition, The Linz Luxury Living Apartments, a 305-unit apartment complex, has been constructed on approximately 12 acres within the District.

Commercial Development: Approximately 219 acres of land within the District have been developed for commercial purposes. Of such acreage, approximately 50 acres of the commercial development are served with utilities but do not currently have above-ground improvements. Commercial development in the District includes the Grand Morton Town Center which consists of a Wal-Mart with gas facilities, a McDonald's, a Taco Bell, a Regions Bank and a retail strip center. In addition, an approximately 433,200 square foot industrial building, occupied by RTIC Outdoors, LLC, has been constructed on approximately 24 acres and an approximately 805,600 square foot building, occupied by Amazon, has been constructed on approximately 54 acres. Additional commercial development in the District includes a CVS, a self-storage facility, a Discount Tire, auto repair shops, gas stations, a credit union, an early education center, an independent motel, a car wash and multiple retail strip centers consisting of fast-food establishments and retail and service businesses.

Future Development

There is no undeveloped developable land remaining in the District. However, after the issuance of the Bonds, the District will continue to owe various developers of land within the District approximately $1,305,000 for funds advanced to construct water, sewer and drainage facilities in the District. The District could issue additional bonds to fully reimburse such developers for such facilities. See "THE BONDS—Issuance of Additional Debt," "THE ROAD SYSTEM," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS—Future Debt." The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water), the remaining authorized but unissued bonds ($33,670,000) should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage and recreation system for full development of the District.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	District Board Title	Term Expires
Frank Sheehy	President	May 2028
Sherri Sloan	Vice President	May 2030
Andres Juarez	Secretary	May 2030
Al Secor	Assistant Vice President	May 2030
David Fontaine III	Assistant Secretary	May 2028

District Consultants

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

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

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

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

Auditor: The financial statements of the District as of March 31, 2026, and for the year then ended, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's March 31, 2026 financial statements.

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

Bookkeeper: The District has contracted with McLennan & Associates, Inc. for bookkeeping services (the "Bookkeeper").

Utility System Operator: The operator of the District's internal water and wastewater system is Inframark, LLC. See "THE SYSTEM."

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

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

THE SYSTEM

Regulation

Construction and operation of the District's water, sewer and drainage system (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Withdrawal of ground water and the issuance of water well permits is subject to the regulatory authority of the Harris-Galveston Subsidence District where applicable (see "Water Supply" and "Subsidence and Conversion to Surface Water Supply" below). Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District. Harris County, the City of Houston, and the Texas Department of Health also exercise regulatory jurisdiction over the District's System.

Water Supply

The District receives potable water from Harris County Municipal Utility District No. 71 ("MUD 71") as outlined in the Joint Water Facilities and Cost Sharing Agreement, as amended, (the "Water Agreement"). The District does not have any wells or water plant facilities of its own but has a contractual right to capacity in both the existing MUD 71 facilities and certain additional facilities that are to be constructed pursuant to the Water Agreement. Future phases of the shared facilities are funded, in part, by the District. Construction costs for future water supply improvements will be paid on a pro rata basis between the District and MUD 71 as provided in the Water Agreement. The available water supply is capable of serving 8,750 equivalent single-family connections, which is sufficient to serve existing development in the District and MUD 71. As of October 2026, the District was serving 2,241 active connections.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the West Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District) and a small portion of Fort Bend County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The groundwater well(s) providing water to the District are included within the Authority's GRP. The authority to pump groundwater from such well(s) is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

The Authority, among other powers, has the power to (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including the fees to be paid by MUD 71 and the District for groundwater pumped by MUD 71 or for surface water received by MUD 71 and the District from the Authority), user fees, rates, and charges as necessary to accomplish its purposes; and (iii) mandate water users, including MUD 71 and the District, to convert from groundwater to surface water. The Authority currently charges MUD 71, which charges the District its allocable share, and other major groundwater users a fee per 1,000 gallons based on the amount of groundwater pumped by MUD 71 and a fee per 1,000 gallons of surface water, if any, received from the Authority by MUD 71 for MUD 71 and the District. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority' s project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

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

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

Wastewater Treatment

The District currently leases three interim packages for its wastewater treatment, which provide 800,000 gallons per day ("gpd") and are sufficient to serve 3,200 equivalent single-family connections. The District also receives wastewater treatment services for approximately 81 acres in the District (including the Morton Ranch subdivisions) from MUD 71 as outlined in the Joint Wastewater Treatment Facilities and Cost Sharing Agreement, as amended, (the "Wastewater Agreement"). Under the Wastewater Agreement, capacity from MUD 71 is reserved through the payment of a connection fee of $1,260 per equivalent single-family connection. The District has purchased 351 equivalent single-family connections which is sufficient for the 81 acres served. As of October 2026, the District was serving 2,241 active connections. A portion of the proceeds of the Bonds will be expended to construct a permanent 800,000 gpd wastewater treatment plant. The permanent wastewater treatment plant is currently in the design phase with construction expected to begin in the first quarter of 2027. Upon completion of the permanent wastewater treatment plant, the District will terminate only the leases for the three interim package plants and such facilities will be sufficient to serve 3,200 equivalent single-family connections. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 1,156 single-family residential lots, approximately 42 acres of multi-family development and approximately 219 acres of commercial development within the District. See "THE DISTRICT—Land Use."

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 rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, none of the currently developed acreage or the undeveloped but developable acreage within the District is located within the 100-year flood plain. All of the acreage within the District is outside the 100-year flood plain as reflected on the current flood plain maps. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

Atlas 14

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.

Water and Wastewater Operations

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

The following statement sets forth, in condensed form, the General Operating Fund for the District as shown in the District's audited financial statements for the fiscal years ended March 31, 2023 through March 31, 2026, and an unaudited summary for the six-month period ended September 30, 2026 as provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

		Fiscal Year Ended March 31			
	4/1/2026 to 9/30/2026 (unaudited)	2026	2025	2024	2023
Revenues:					
Water Service	$ 439,934	$ 870,885	$ 833,795	$ 858,129	$ 828,987
Sewer Service	481,130	971,356	947,477	932,910	895,381
Property Taxes	367,794	4,348,358	4,103,886	3,664,923	3,078,515
Penalty and Interest	14,186	37,093	35,733	38,704	31,951
Ground Water Pumpage Fees	413,874	795,785	760,055	827,370	708,237
Tap Connection and Inspection	303,321	715,035	211,904	239,105	282,143
Miscellaneous	50,349	79,434	51,896	50,629	45,948
Investment Earnings	368,719	729,168	746,815	654,477	262,995
Total Revenues	$ 2,439,308	$ 8,547,114	$ 7,691,561	$ 7,266,247	$ 6,134,157
Expenditures:					
Purchased Services	$ 927,912	$ 1,255,556	$ 1,143,428	$ 1,121,428	$ 1,253,637
Professional Fees	252,567	227,583	281,167	261,866	242,628
Contracted Services	959,113	963,354	828,980	755,802	502,161
Repairs and Maintenance	915,631	1,253,857	779,173	768,711	698,057
Utilities	54,732	104,697	106,843	100,726	79,235
Leases	192,600	385,200	376,200	279,600	159,949
Administrative	29,915	86,220	104,757	88,579	67,320
Other	1,303	36,214	26,289	31,813	40,542
Capital Outlay	-	1,852,306	895,671	58,041	119,779
Lease - Principal	-	-	20,729	153,798	302,716
Lease - Interest	-	-	271	3,202	15,285
Capital Contributions	-	-	-	560,182	-
Total Expenditures	$ 3,333,774	$ 6,164,987	$ 4,563,508	$ 4,183,748	$ 3,481,309
NET REVENUES	$ (894,466)	$ 2,382,127	$ 3,128,053	$ 3,082,499	$ 2,652,848
Other Financing Sources (Uses)					
Internal Transfer	$ -	$ (206,140)	$ -	$ -	$ -
General Operating Fund Balance (Beginning of Year)	$ 20,946,004	$ 18,770,017	$ 15,641,964	$ 12,559,465	$ 9,906,617
General Operating Fund Balance (End of Year)	$ 20,051,538	$ 20,946,004	$ 18,770,017	$ 15,641,964	$ 12,559,465

THE ROAD SYSTEM

All roads are designed and constructed in accordance with Harris County and City of Houston standards, rules, and regulations. Upon acceptance by the Harris County or the Texas Transportation Commission ("TxDOT"), as applicable, of roads or road facilities, the Harris County or TxDOT, as applicable, is responsible for operation and maintenance thereof. These roads lies within public rights-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks, and franchise utilities (power, gas, telephone and cable).

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$972,807,016 (a)
Gross Direct Debt Outstanding	$ 62,130,000 (b)
Estimated Overlapping Debt	49,858,800 (c)
Gross Direct Debt and Estimated Overlapping Debt	$111,988,800
Ratio of Gross Direct Debt to:	
2026 Taxable Assessed Valuation	6.39%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2026 Taxable Assessed Valuation	11.51%
Debt Service Funds Available as of October 19, 2026:	
Water, Sewer and Drainage Debt Service Funds	$1,900,940 (d)
Road Debt Service Funds	316,703 (d)
Total Debt Service Funds Available	$2,217,643
Operating Funds Available as of October 19, 2026	$19,614,271

(a) The 2026 Taxable Assessed Valuation shown herein includes $940,382,078 of certified value and $32,424,938 of uncertified value. The uncertified value represents the opinion after protest from the Appraisal District; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."
(b) After the issuance of the Bonds. See "—Outstanding Bonds" below.
(c) See "—Estimated Overlapping Debt" herein.
(d) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to the Bonds and the Outstanding Water, Sewer and Drainage Bonds and a pro rata portion will be allocated to the Outstanding Road Bonds. See "—Outstanding Bonds" below. Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on bonds issued for road facilities and are not available to pay debt service on bonds issued for water, sewer and drainage facilities, including the Bonds. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. See "THE BONDS—Funds."

Investments of the District

The District has adopted an Investment Policy pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code. As specified in its Investment Policy, the District maintains an investment strategy that emphasizes, in order of priority, preservation and safety of principal, liquidity, diversification, and yield. The Investment Policy provides, among other things, the principles and criteria by which the funds of the District are invested and is reviewed by the District annually.

Outstanding Bonds

The District has previously issued eight series of unlimited tax bonds for water, sewer and drainage facilities in the aggregate principal amount of $61,840,000, one series of unlimited tax bonds for road facilities in the principal amount of $10,000,000, and two series of unlimited tax refunding bonds in the aggregate principal amount of $4,880,000, of which $51,980,000 principal amount remains outstanding as of the date hereof (the "Outstanding Bonds."). The following table lists the original principal amount and the outstanding principal amount of the Outstanding Bonds.

Series		Original Principal Amount	Outstanding Bonds
2014		$ 4,165,000	$ 2,775,000
2015		10,000,000	5,810,000
2016		8,675,000	5,040,000
2017	(a)	10,000,000	6,360,000
2019		6,665,000	4,775,000
2020	(b)	1,930,000	1,270,000
2020A		13,590,000	10,175,000
2021	(b)	2,950,000	2,170,000
2021A		12,685,000	10,565,000
Total		$ 76,720,000	$ 48,940,000

(a) Unlimited tax road bonds.
(b) Unlimited tax refunding bonds.

Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds and the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 4,295,018.75	$ 235,000	$ 459,175.56	$ 694,175.56	$ 4,989,194.31
2028	4,242,443.75	240,000	639,050.00	879,050.00	5,121,493.75
2029	4,194,856.25	240,000	627,050.00	867,050.00	5,061,906.25
2030	4,134,918.75	240,000	615,050.00	855,050.00	4,989,968.75
2031	4,076,306.25	240,000	603,050.00	843,050.00	4,919,356.25
2032	4,017,556.25	240,000	591,050.00	831,050.00	4,848,606.25
2033	3,956,381.25	240,000	579,050.00	819,050.00	4,775,431.25
2034	3,889,012.50	240,000	567,050.00	807,050.00	4,696,062.50
2035	3,829,581.25	240,000	557,450.00	797,450.00	4,627,031.25
2036	3,608,500.00	240,000	547,850.00	787,850.00	4,396,350.00
2037	3,541,093.75	240,000	537,950.00	777,950.00	4,319,043.75
2038	3,247,612.50	235,000	527,750.00	762,750.00	4,010,362.50
2039	3,171,231.25	235,000	516,000.00	751,000.00	3,922,231.25
2040	2,803,765.63	235,000	504,250.00	739,250.00	3,543,015.63
2041	1,506,868.75	850,000	492,500.00	1,342,500.00	2,849,368.75
2042	1,474,353.13	850,000	450,000.00	1,300,000.00	2,774,353.13
2043	1,440,803.13	850,000	407,500.00	1,257,500.00	2,698,303.13
2044	1,407,253.13	850,000	365,000.00	1,215,000.00	2,622,253.13
2045	543,703.13	850,000	322,500.00	1,172,500.00	1,716,203.13
2046	531,234.38	850,000	280,000.00	1,130,000.00	1,661,234.38
2047	-	950,000	237,500.00	1,187,500.00	1,187,500.00
2048	-	950,000	190,000.00	1,140,000.00	1,140,000.00
2049	-	950,000	142,500.00	1,092,500.00	1,092,500.00
2050	-	950,000	95,000.00	1,045,000.00	1,045,000.00
2051	-	950,000	47,500.00	997,500.00	997,500.00
Total	$ 59,912,493.75	$ 13,190,000	$ 10,901,775.56	$ 24,091,775.56	$ 84,004,269.31

Average Annual Debt Service Requirement (2027-2051) $3,360,171
Maximum Annual Debt Service Requirement (2028) $5,121,494

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County	$ 2,952,415,112	9/30/2026	0.14%	$ 4,133,381
Harris County Flood Control District	1,001,580,000	9/30/2026	0.14%	1,432,259
Harris County Hospital District	1,644,825,000	9/30/2026	0.14%	2,352,100
Harris County Department of Education	28,960,000	9/30/2026	0.14%	40,544
Port of Houston Authority	386,074,397	9/30/2026	0.14%	552,086
Katy Independent School District	2,549,225,000	9/30/2026	1.62%	41,348,430
Total Estimated Overlapping Debt				$ 49,858,800
The District	62,130,000	(a)	100.00%	62,130,000
Total Direct and Estimated Overlapping Debt				$ 111,988,800

Direct and Estimated Overlapping Debt as a Percentage of:
2026 Taxable Assessed Valuation of $972,807,016 ..... 11.51%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (a)	$ 0.676267
Harris County Emergency Services District No. 48	0.100000
Katy Independent School District	1.117100
Total Overlapping Tax Rate	$ 1.893367
The District (b)	0.940000
Total Tax Rate	$ 2.833367

(a) Includes Harris County, Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port Authority of Houston.
(b) See "TAX DATA—Historical Tax Rate Distribution."

TAX DATA

Debt Service Tax

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

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District's water, sewer and drainage system and roads, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted November 7, 2006 and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation for utility maintenance. At an election held within the District on November 8, 2011, voters authorized the Board to levy a maintenance tax for operation and maintenance costs of road facilities at a rate not to exceed $0.25 per $100 of taxable assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "—Debt Service Tax" above.

Historical Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.52	$ 0.46	$ 0.46	$ 0.51	$ 0.60
Maintenance and Operations	0.42	0.46	0.46	0.43	0.40
Total	$ 0.94	$ 0.92	$ 0.92	$ 0.94	$ 1.00

Additional Penalties

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

Tax Exemptions

As discussed in the section titled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For tax year 2026, the District granted a $35,000 homestead exemption for persons over 65 or disabled and a 3.5% (but not less than $5,000) homestead exemption. See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of September 30, 2026 (b) Amount	Percent
2021	$ 545,449,136	$ 1.09	$ 5,945,396	$ 5,940,336	99.91%
2022	752,551,074	1.00	7,525,511	7,519,345	99.92%
2023	861,362,806	0.94	8,096,810	8,086,035	99.87%
2024	916,629,254	0.92	8,432,989	8,422,664	99.88%
2025	953,248,837	0.92	8,769,889	8,721,249	99.45%
2026	972,807,016	0.94	9,144,386	(c)	(c)

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

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2022 through 2026 Taxable Assessed Valuations. An accurate breakdown related to the uncertified portion ($32,424,938) of the 2026 Taxable Assessed Valuation is not available as of the date hereof. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

Tax Year	Type of Property			Gross Assessed Valuations	Deferments and Exemptions (a)	Uncertified Value	Net Assessed Valuations
	Land	Improvements	Personal Property				
2022	$ 171,157,913	$ 517,430,517	$ 94,333,164	$ 782,921,594	$ (30,370,520)	$ -	$ 752,551,074
2023	189,936,318	586,431,608	121,399,519	897,767,445	(36,404,639)	-	861,362,806
2024	194,267,830	627,044,501	138,564,805	959,877,136	(43,247,882)	-	916,629,254
2025	197,055,182	658,092,548	146,714,408	1,001,862,138	(48,613,301)	-	953,248,837
2026	191,769,349	671,682,381	129,737,734	993,189,464	(52,807,386)	32,424,938	972,807,016

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

Principal Taxpayers

The following table represents the ten principal taxpayers, and the taxable assessed value of such property as a percentage of the certified portion ($940,382,078) of the 2026 Taxable Assessed Valuation of $972,807,016. An accurate breakdown related to the uncertified portion ($32,424,938) of the 2026 Taxable Assessed Valuation of $972,807,016 is not available as of the date hereof. See "INVESTMENT CONSIDERATIONS—Dependence on Major Taxpayers."

Taxpayer	Type of Property	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
WSRE CP Clay Owner LP	Industrial Warehouse	$ 113,000,000	12.02%
Amazon HOU5	Personal Property	86,996,404	9.25%
DD Morton 12 089 LLC	Apartment Complex	55,847,896	5.94%
LJ Seville LLC	Apartment Complex	52,415,663	5.57%
3200 Peek TX Owner LP	Apartment Complex	50,353,961	5.35%
Prologis LP I	Distribution Warehouse	46,853,718	4.98%
A-S 129 Grand Parkway-Morton Ranch Road	Commercial	41,148,197	4.38%
Eastgroup TRS Inc.	Distribution Warehouse	31,054,230	3.30%
PS LPT Properties Investors	Self-Storage Facility	13,333,709	1.42%
RTIC Holdings LLC	Personal Property	8,163,753	0.87%
Total		$ 499,167,531	53.08%

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 debt service requirements if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $972,807,016 ($940,382,078 of certified value and $32,424,938 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 taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2027-2051)	$3,360,171
$0.37 Tax Rate on 2026 Taxable Assessed Valuation	$3,419,417
Maximum Annual Debt Service Requirement (2028)	$5,121,494
$0.56 Tax Rate on 2026 Taxable Assessed Valuation	$5,175,333

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation will not be adjusted downward prior to certification and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds 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 Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the District may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes, are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. For the 2026 tax year, the District granted a $35,000 homestead exemption to persons 65 years or older or disabled. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. For the 2026 tax year, the District granted a 3.5% (but not less then $5,000) homestead exemption. See "TAX DATA."

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

Tax Abatement

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

Valuation of Property for Taxation

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

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

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

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

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

Dependence on Major Taxpayers

There is a high concentration of ownership of taxable value in the District. Based upon the certified portion ($940,382,078) of the 2026 Taxable Assessed Valuation of $972,807,016, the top ten property owners represent approximately 53.08% or $499,167,531 of the 2026 Taxable Assessed Valuation. An accurate breakdown related to the uncertified portion ($32,424,938) of the 2026 Taxable Assessed Valuation is not available as of the date hereof. The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy a higher tax rate or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Funds or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2026 Taxable Assessed Valuation is $972,807,016 ($940,382,078 of certified value and $32,424,938 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $5,121,494 (2028), and the average annual debt service requirement will be $3,360,171 (2027-2051, inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation of $972,807,016, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.56 and $0.37 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2026 Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion ($32,424,938) of the 2026 Taxable Assessed Valuation will be the amount certified by the Appraisal District and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather Events

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

According to the Engineer and the 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 Engineer and Operator, no home or commercial improvements within the District experienced significant flooding or other material damage 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 in the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected. See "THE SYSTEM—Flood Protection and Drainage."

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Atlas 14

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

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $103,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, $5,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities, $10,000,000 principal amount of unlimited tax bonds for constructing road facilities, and $103,000,000 principal amount of unlimited tax bonds for refunding purposes have been authorized by the District's voters. After the issuance of the Bonds, the District will have $27,970,000 principal amount of unlimited tax bonds authorized but unissued for water, sewer and drainage facilities. The District has no remaining authorization unissued for unlimited tax bonds authorized for road facilities, $102,790,000 principal amount of unlimited tax refunding bonds authorized but unissued and all of the bonds authorized for parks and recreational facilities remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

To date, various developers of land within the District have advanced certain funds for the construction of water, sewer and drainage facilities in the District, of which $1,305,000 plus interest has not been reimbursed as of the date hereof. The District could issue additional bonds in order to reimburse such developers. 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. However, the principal amount of recreational facilities bonds issued by the District may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities and recreational facilities, but not road facilities or improvements in aid thereof, must be approved by the TCEQ.

In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

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

Marketability of the Bonds

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

Continuing Compliance with Certain Covenants

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

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

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.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). Moody's Investors Service ("Moody's") has assigned an underlying rating of "A3" 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, Build America Mutual Assurance Company ("BAM" or the "Insurer") will issue its municipal bond insurance policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

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

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

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

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

Additional Information Available from BAM

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

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

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

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

LEGAL MATTERS

Legal Proceedings

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

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds have not been designated as "qualified tax-exempt obligations" for financial institutions.

Additional Federal Income Tax Considerations

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

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

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

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

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

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

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

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this OFFICIAL STATEMENT. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

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

Tax Legislative Changes: Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Consultants

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

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

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

Auditor: The financial statements of the District as of March 31, 2026, and for the year then ended, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's March 31, 2026 financial statements.

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

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has 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 financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT" (except for "—Estimated Overlapping Debt"), "TAX DATA," and in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2027. Any financial statements provided by the District shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Specified Event Notices

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

Availability of Information from MSRB

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with all of its prior 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 APPENDIX hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this OFFICIAL STATEMENT involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

This OFFICIAL STATEMENT was approved by the Board of Directors of Harris County Municipal Utility District No. 287, as of the date shown on the cover page.

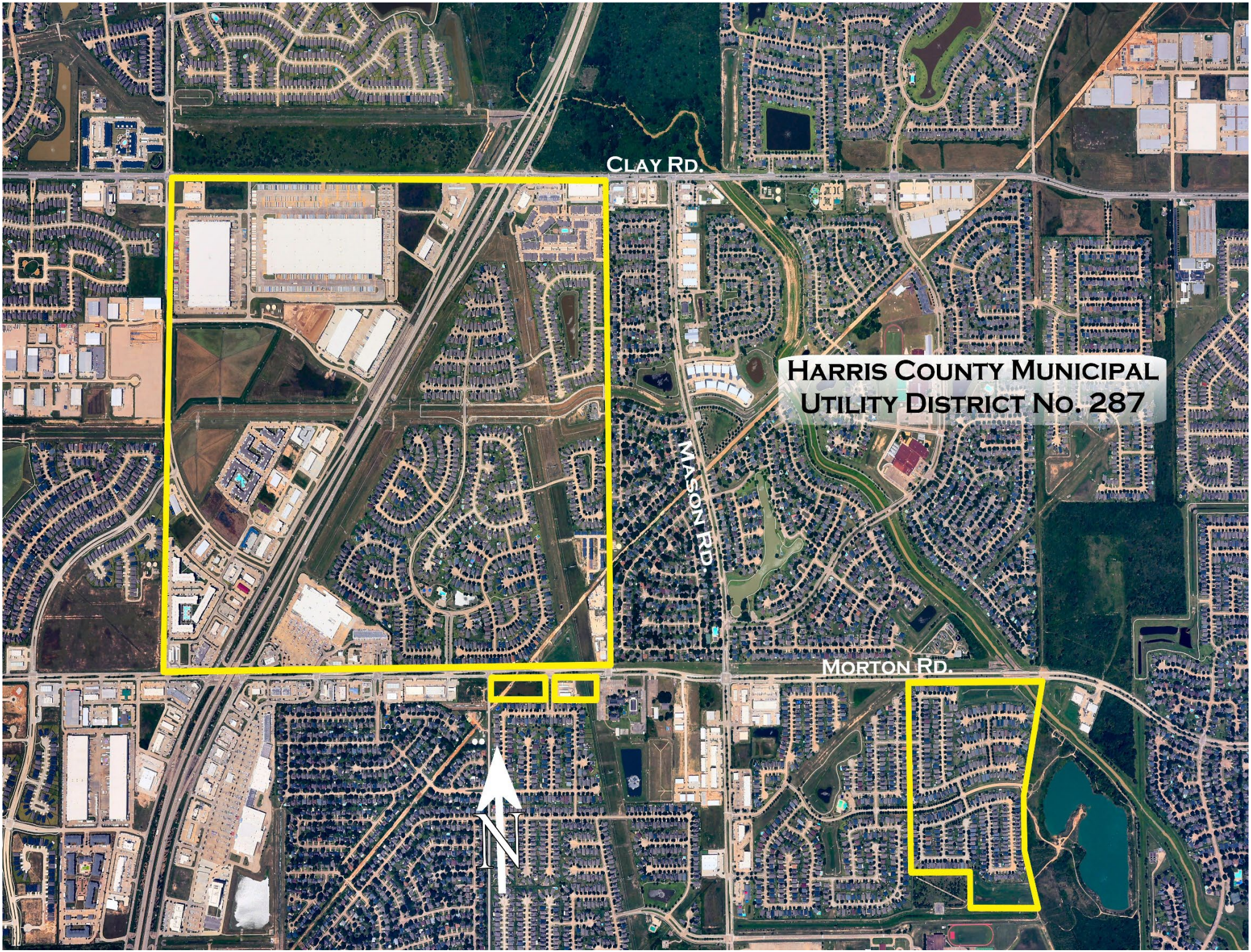
/s/Frank Sheehy
President, Board of Directors
Harris County Municipal Utility District No. 287

ATTEST:

/s/Andres Juarez
Secretary, Board of Directors
Harris County Municipal Utility District No. 287

AERIAL PHOTOGRAPH

(As of August 2026)


Clay Rd.
Harris County Municipal
Utility District No. 287
Mason Rd.
Morton Rd.
N

PHOTOGRAPHS OF THE DISTRICT

(As of August 2026)










LINZ
LINZ LUXURY LIVING
OPEN
EVERY DAY








RTIC


Walmart
Home & Pharmacy
Grocery
FedEx


Public Storage
Public Storage


MORTON RANCH
SMILES DENTISTRY & ORTHODONTICS
MyKids
DENTIST
ORTHODONTICS
THE JOINT
chiropractic
JINGLE-A-PENNY
POOL-PATIO-SPA

APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the Fiscal Year Ended March 31, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 287

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

March 31, 2026

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McGRATH & CO., PLLC

Certified Public Accountants
2950 North Loop West, Suite 810
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 287
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 287 (the "District"), as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris County Municipal Utility District No. 287, as of March 31, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Texas Supplementary Information schedules 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas
July 20, 2026

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Harris County Municipal Utility District No. 287 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended **March 31, 2026**. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at March 31, 2026, was $16,139,177. A comparative summary of the District's overall financial position, as of March 31, 2026 and 2025, is as follows:

	2026	2025
Current and other assets	$ 27,708,318	$ 26,241,890
Capital assets	41,561,091	40,747,297
Total assets	69,269,409	66,989,187
Current liabilities	4,024,711	3,841,625
Long-term liabilities	49,105,521	53,300,528
Total liabilities	53,130,232	57,142,153
Net position		
Net investment in capital assets	2,244,547	(711,659)
Restricted	5,627,349	5,496,415
Unrestricted	8,267,281	5,062,278
Total net position	$ 16,139,177	$ 9,847,034

The total net position of the District increased during the current fiscal year by $6,292,143. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2026	2025
Revenues		
Property taxes, penalties and interest	$ 8,877,107	$ 7,928,373
Water and sewer service	1,842,241	1,781,272
Groundwater pumpage fees	795,785	760,055
Other	1,688,329	1,263,017
Total revenues	13,203,462	11,732,717
Expenses		
Current service operations	4,434,593	3,868,761
Debt interest and fees	1,381,391	1,451,921
Developer interest	92,220	
Depreciation and amortization	1,170,389	831,569
Total expenses	7,078,593	6,152,251
Change in net position before other item	6,124,869	5,580,466
Other item		
Gain from change in estimate	167,274	
Change in net position	6,292,143	5,580,466
Net position, beginning of year (2025 restated)	9,847,034	4,266,568
Net position, end of year	$ 16,139,177	$ 9,847,034

Financial Analysis of the District's Funds

The District's combined fund balances, as of March 31, 2026, were $26,484,345, which consists of $20,946,004 in the General Fund, and $5,538,341 in the Debt Service Fund.

General Fund

A comparative summary of the General Fund's financial position as of March 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 21,971,734	$ 19,596,957
Total liabilities	$ 875,476	$ 706,109
Total deferred inflows	150,254	120,831
Total fund balance	20,946,004	18,770,017
Total liabilities, deferred inflows and fund balance	$ 21,971,734	$ 19,596,957

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2026	2025
Total revenues	$ 8,547,114	$ 7,691,561
Total expenditures	(6,164,987)	(4,563,508)
Revenues over expenditures	2,382,127	3,128,053
Other changes in fund balance	(206,140)	
Net change in fund balance	$ 2,175,987	$ 3,128,053

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District, and tap connection fees charged to builders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from the prior year because assessed values increased from the prior year.
- Water, sewer and ground water pumpage fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with building activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of March 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 6,254,369	$ 5,611,931
Total liabilities	$ 517,836	$ 507
Total deferred inflows	198,192	165,177
Total fund balance	5,538,341	5,446,247
Total liabilities, deferred inflows and fund balance	$ 6,254,369	$ 5,611,931

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2026	2025
Total revenues	$ 4,587,447	$ 4,350,800
Total expenditures	(4,495,353)	(4,578,699)
Revenues over/(under) expenditures	$ 92,094	$ (227,899)

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from property tax revenues. The difference between these financial resources and debt service

requirements resulted in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of March 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ -	$ 1,033,002
Total fund balance	$ -	$ 1,033,002

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2026	2025
Total revenues	$ 6,464	$ 52,734
Total expenditures	(1,245,606)	(82,456)
Revenues under expenditures	(1,239,142)	(29,722)
Other changes in fund balance	206,140	
Net change in fund balance	$ (1,033,002)	$ (29,722)

During the current year, the District used surplus from the Series 2021A Bonds to reimburse developers for the cost of constructing capital assets. The District did not have significant capital asset activity in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $2,218,789 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at March 31, 2026 and 2025, are summarized as follows:

	2026	2025
Capital assets not being depreciated		
Land and improvements	$ 16,529,139	$ 16,529,139
Construction in progress	867,640	152,687
	17,396,779	16,681,826
Capital assets being depreciated/amortized		
Infrastructure	25,454,246	25,160,212
Interest in joint facilities	5,142,677	5,142,677
Landscaping improvements	519,481	519,481
Right-to-use leased asset		99,134
Recreational facilities	859,211	
	31,975,615	30,921,504
Less accumulated depreciation/amortization		
Infrastructure	(5,538,014)	(4,992,720)
Interest in joint facilities	(1,609,508)	(1,470,056)
Landscaping improvements	(320,097)	(294,123)
Right-to-use leased asset		(99,134)
Recreational facilities	(343,684)	
	(7,811,303)	(6,856,033)
Depreciable capital assets, net	24,164,312	24,065,471
Capital assets, net	$ 41,561,091	$ 40,747,297

Capital asset additions during the current fiscal year include Waterstone trail and pedestrian bridge, water meters, and the wastewater treatment plant drum screen addition.

The District's construction in progress relates to the construction of the generator addition at lift station no. 3 and engineering fees for the permanent wastewater treatment plant.

Long-Term Debt and Related Liabilities

As of March 31, 2026, the District owes approximately $1,130,545 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $180,000 for a project under construction by a developer. As noted, the District will owe the developer for this project upon completion of construction.

The District intends to reimburse developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to a developer is trued up when the developer is reimbursed.

At March 31, 2026 and 2025, the District had total bonded debt outstanding as shown below:

Series	2026	2025
2014	$ 2,925,000	$ 3,070,000
2015	6,225,000	6,640,000
2016	5,400,000	5,760,000
2017 Road	6,815,000	7,270,000
2019	5,045,000	5,315,000
2020 Refunding	1,390,000	1,505,000
2020A	10,745,000	11,315,000
2021 Refunding	2,340,000	2,500,000
2021A	10,565,000	11,095,000
	$ 51,450,000	$ 54,470,000

At March 31, 2026, the District had $41,160,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; $5,700,000 for parks and recreational facilities; and $102,790,000 for refunding purposes. The District has issued the authorized amount of $10,000,000 for road improvements.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2026 Actual	2027 Budget
Total revenues	$ 8,547,114	$ 7,504,235
Total expenditures	(6,164,987)	(5,412,625)
Revenues over expenditures	2,382,127	2,091,610
Other changes in fund balance	(206,140)	
Net change in fund balance	2,175,987	2,091,610
Beginning fund balance	18,770,017	20,946,004
Ending fund balance	$ 20,946,004	$ 23,037,614

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Basic Financial Statements

Harris County Municipal Utility District No. 287
Statement of Net Position and Governmental Funds Balance Sheet
March 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	$ 224,818	$ 1,153,125	$ -	$ 1,377,943
Investments	20,514,438	4,899,271		25,413,709
Taxes receivable, net	150,254	198,192		348,446
Customer service receivables, net	376,898			376,898
Interfund receivables	517,785			517,785
Prepaid items	114,837			114,837
Other receivables	19,839	3,781		23,620
Operating reserve	52,865			52,865
Capital assets not being depreciated				
Capital assets, net				
Total Assets	$ 21,971,734	$ 6,254,369	$ -	$ 28,226,103
Liabilities				
Accounts payable	$ 433,292	$ -	$ -	$ 433,292
Other payables		51		51
Customer deposits	436,025			436,025
Retainage payable	6,159			6,159
Interfund payables		517,785		517,785
Accrued interest payable				
Due to developers				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	875,476	517,836		1,393,312
Deferred Inflows of Resources				
Deferred property taxes	150,254	198,192		348,446
Fund Balances/Net Position				
Fund Balances				
Nonspendable	167,702			167,702
Restricted		5,538,341		5,538,341
Unassigned	20,778,302			20,778,302
Total Fund Balances	20,946,004	5,538,341		26,484,345
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 21,971,734	$ 6,254,369	$ -	$ 28,226,103
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 1,377,943
	25,413,709
	348,446
	376,898
(517,785)	
	114,837
	23,620
	52,865
17,396,779	17,396,779
24,164,312	24,164,312
41,043,306	69,269,409
	433,292
	51
	436,025
	6,159
(517,785)	
109,184	109,184
1,130,545	1,130,545
3,040,000	3,040,000
47,974,976	47,974,976
51,736,920	53,130,232
(348,446)	
(167,702)	
(5,538,341)	
(20,778,302)	
(26,484,345)	
2,244,547	2,244,547
5,627,349	5,627,349
8,267,281	8,267,281
$ 16,139,177	$ 16,139,177

Harris County Municipal Utility District No. 287
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	$ 870,885	$ -	$ -	$ 870,885
Sewer service	971,356			971,356
Property taxes	4,348,358	4,348,347		8,696,705
Penalties and interest	37,093	80,872		117,965
Groundwater pumpage fees	795,785			795,785
Tap connection and inspection	715,035			715,035
Miscellaneous	79,434	85		79,519
Investment earnings	729,168	158,143	6,464	893,775
Total Revenues	8,547,114	4,587,447	6,464	13,141,025
Expenditures/Expenses				
Current service operations				
Purchased services	1,255,556			1,255,556
Professional fees	227,583		5,500	233,083
Contracted services	963,354	111,949		1,075,303
Repairs and maintenance	1,253,857			1,253,857
Utilities	104,697			104,697
Lease expense	385,200			385,200
Administrative	86,220	4,398		90,618
Other	36,214		65	36,279
Capital outlay	1,852,306		1,147,821	3,000,127
Debt service				
Principal		3,020,000		3,020,000
Interest and fees		1,359,006		1,359,006
Developer interest			92,220	92,220
Depreciation and amortization				
Total Expenditures/Expenses	6,164,987	4,495,353	1,245,606	11,905,946
Revenues Over/(Under) Expenditures	2,382,127	92,094	(1,239,142)	1,235,079
Other Financing Sources/(Uses)				
Internal transfers	(206,140)		206,140	
Other Items				
Gain from change in estimate				
Net Change in Fund Balances	2,175,987	92,094	(1,033,002)	1,235,079
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	18,770,017	5,446,247	1,033,002	25,249,266
End of the year	$ 20,946,004	$ 5,538,341	$ -	$ 26,484,345

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 870,885
	971,356
56,013	8,752,718
6,424	124,389
	795,785
	715,035
	79,519
	893,775
62,437	13,203,462
	1,255,556
	233,083
	1,075,303
	1,253,857
	104,697
	385,200
	90,618
	36,279
(3,000,127)	
(3,020,000)	
22,385	1,381,391
	92,220
1,170,389	1,170,389
(4,827,353)	7,078,593
(1,235,079)	
167,274	167,274
(1,235,079)	
6,292,143	6,292,143
(15,402,232)	9,847,034
$ (10,345,168)	$ 16,139,177

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris County Municipal Utility District No. 287 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Water Commission, statutory predecessor to the Texas Commission on Environmental Quality, dated July 29, 1985. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended. The Board of Directors held its first meeting on January 24, 2006, and the first bonds were issued on January 27, 2011.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage, park and recreational facilities and road improvements. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have

many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At **March 31, 2026**, allowances of $1,416 and $8,900 were provided for possible uncollectible property taxes and water/sewer accounts, respectively.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is eliminated in the government-wide financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is $50,000. The threshold for subscription-based information technology arrangements (SBITAs) is $250,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10-45 years
Interest in joint facilities	Remaining life of contract
Landscaping improvements	10-20 years
Recreational facilities	30 years

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and operating reserves paid to Harris County Municipal Utility District No. 71 for the joint water plant and wastewater treatment plant.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 26,484,345
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 49,372,394	
Less accumulated depreciation/amortization	(7,811,303)	
		41,561,091
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Accrued interest payable	(109,184)	
Due to developer	(1,130,545)	
Bonds payable, net	(51,014,976)	
		(52,254,705)
Deferred inflows in the fund statements consist of property taxes receivable that have been levied and are due, but are not available to pay current period expenditures. These amounts are induded in revenues in the government-wide statements.		348,446
Total net position - governmental activities		$ 16,139,177

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds		$ 1,235,079
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		62,437
Financial reporting for capital assets varies significantly between the fund statements and the government wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current year are for the following:		
Capital outlays	$ 3,000,127	
Depreciation/amortization expense	(1,170,389)	
		1,829,738
Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current year are for the following:		
Principal payments	3,020,000	
Interest expense accrual	(22,385)	
		2,997,615
Revisions in the estimate of due to developers do not provide financial resources in the funds; but result in a gain or a loss in Statement of		167,274
Change in net position of governmental activities		$ 6,292,143

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Use of Surplus Funds

During the current fiscal year, the District used general funds and surplus funds from the Series 2021A bonds to reimburse the developers in the amount of $1,103,505 for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or 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, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of March 31, 2026, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 20,514,438		
	Debt Service	4,899,271		
		$ 25,413,709	AAAm	44 days

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at **March 31, 2026**, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 517,785	Maintenance tax collections not remitted as of year end

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

During the current year, the District transferred $206,140 from the General Fund to the Capital Projects Fund to provide funding for the amounts reimbursed to the developers.

Note 5 – Capital Assets

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

	Beginning Balances	Additions	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	$ 16,529,139	$ -	$ -	$ 16,529,139
Construction in progress	152,687	849,990	(135,037)	867,640
	16,681,826	849,990	(135,037)	17,396,779
Capital assets being depreciated/amortized				
Infrastructure	25,160,212	294,034		25,454,246
Interest in joint facilities	5,142,677			5,142,677
Landscaping improvements	519,481			519,481
Right-to-use leased asset	99,134		(99,134)	
Recreational facilities		859,211		859,211
	30,921,504	1,153,245	(99,134)	31,975,615
Less accumulated depreciation/amortization				
Infrastructure	(4,992,720)	(661,279)	115,985	(5,538,014)
Interest in joint facilities	(1,470,056)	(139,452)		(1,609,508)
Landscaping improvements	(294,123)	(25,974)		(320,097)
Right-to-use leased asset	(99,134)		99,134	
Recreational facilities		(343,684)		(343,684)
	(6,856,033)	(1,170,389)	215,119	(7,811,303)
Subtotal depreciable capital assets, net	24,065,471	(17,144)	115,985	24,164,312
Capital assets, net	$ 40,747,297	$ 832,846	$ (19,052)	$ 41,561,091

Depreciation and amortization expense for the current fiscal year was $1,170,389.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Paid To Date	Remaining Amount *
Generator addition at lift station no. 3	$ 164,169	$ 61,594	$ 102,575
Waterstone drainage channel trail phase 2	219,244		219,244
	$ 383,413	$ 61,594	$ 321,819

* Indudes retainage

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is

estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when developers are reimbursed.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developers, beginning of year	$	2,313,763
Developer reimbursements		(1,011,285)
Change in estimate		(171,933)
Due to developers, end of year	$	1,130,545

In addition, the District will owe the developers approximately $180,000, which is included in the schedule of contractual commitments below. This project will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

		Contract Amount *
Waterstone West public utilities - phase 2	$	180,000

* Rounded to the nearest $10,000

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$	51,450,000
Unamortized discounts		(468,026)
Unamortized premium		33,002
	$	51,014,976
Due within one year	$	3,040,000

The District's bonds payable at March 31, 2026, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2014	$ 2,925,000	$ 4,165,000	3.00% - 5.00%	September 1, 2015/2039	September 1, March 1	September 1, 2022
2015	6,225,000	10,000,000	3.00% - 5.00%	September 1, 2017/2040	September 1, March 1	September 1, 2023
2016	5,400,000	8,675,000	2.00% - 3.00%	September 1, 2017/2040	September 1, March 1	September 1, 2024
2017 Road	6,815,000	10,000,000	2.00% - 4.00%	September 1, 2019/2040	September 1, March 1	September 1, 2024
2019	5,045,000	6,665,000	2.00% - 2.625%	September 1, 2020/2044	September 1, March 1	September 1, 2024
2020 Refunding	1,390,000	1,930,000	3.00% - 4.00%	September 1, 2021/2035	September 1, March 1	September 1, 2026
2020A	10,745,000	13,590,000	2.00% - 2.50%	September 1, 2021/2044	September 1, March 1	September 1, 2025
2021 Refunding	2,340,000	2,950,000	2.00% - 3.00%	September 1, 2022/2037	September 1, March 1	September 1, 2026
2021A	10,565,000	12,685,000	1.00% - 2.375%	March 1, 2023/2046	September 1, March 1	March 1, 2027
	$ 51,450,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At March 31, 2026, the District had unlimited tax bonds authorized, but unissued, in the amount of $41,160,000 for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; $5,700,000 for parks and recreational facilities; and $102,790,000 for refunding purposes. The District has issued the authorized amount of $10,000,000 for road improvements.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$ 54,470,000
Bonds retired	(3,020,000)
Bonds payable, end of year	$ 51,450,000

As of March 31, 2026, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2027	$ 3,040,000	$ 1,280,263	$ 4,320,263
2028	3,050,000	1,209,906	4,259,906
2029	3,065,000	1,143,649	4,208,649
2030	3,085,000	1,075,549	4,160,549
2031	3,095,000	1,003,111	4,098,111
2032	3,110,000	927,594	4,037,594
2033	3,130,000	846,968	3,976,968
2034	3,150,000	765,198	3,915,198
2035	3,165,000	681,797	3,846,797
2036	3,190,000	596,540	3,786,540
2037	3,055,000	512,297	3,567,297
2038	3,070,000	429,354	3,499,354
2039	2,860,000	347,087	3,207,087
2040	2,860,000	264,972	3,124,972
2041	2,580,000	187,981	2,767,981
2042	1,355,000	135,775	1,490,775
2043	1,355,000	102,579	1,457,579
2044	1,355,000	69,028	1,424,028
2045	1,355,000	35,478	1,390,478
2046	525,000	12,469	537,469
	$ 51,450,000	$ 11,627,595	$ 63,077,595

Note 8 – Property Taxes

On November 7, 2006, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

In addition, on November 8, 2011, the voters of the District authorized the District's Board of Directors to levy a road operation and maintenance tax limited to $0.25 per $100 of assessed value. The District did not levy an ad valorem road maintenance tax during the current fiscal year.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2026 fiscal year was financed through the 2025 tax levy, pursuant to which the District levied property taxes of $0.92 per $100 of assessed value, of which $0.46 was allocated to maintenance and operations, $0.395 was allocated to water, sewer, and drainage debt service, and $0.065 was allocated to road debt service. The resulting tax levy was $8,916,395 on the adjusted taxable value of $969,173,395.

Property taxes receivable, at March 31, 2026, consisted of the following:

Current year taxes receivable	$ 267,799
Prior years taxes receivable	40,817
Less allowance for uncollectible accounts	(1,416)
	307,200
Penalty and interest receivable	41,246
Property taxes receivable	$ 348,446

Note 9 – Lease Agreements

The District has entered into multiple equipment lease agreements for interim wastewater treatment plants that are currently on a month-to-month basis. Accordingly, the District does not have an associated lease obligation because the payments are month to month. The following table summarizes the key terms of these leases:

Description	Gallons Per Day	Effective Date	Monthly Payment	Annual Payment
Wastewater treatment plant				
Phase 1	175k	3/18/2008	$ 4,800	$ 57,600
Phase 2	350k	9/16/2013	6,600	79,200
Plant modifications	N/A	7/20/2015	2,100	25,200
Phase 3	455k	4/17/2017	16,800	201,600
Additional equipment	N/A	12/18/2018	1,800	21,600
Totals			$ 32,100	$ 385,200

Standard lease terms required the District to prepay the last month's lease payment upon inception of the lease. All such amounts are recorded as a prepaid expense on the *Statement of Net Position*. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment.

Note 10 – Joint Water Facilities and Cost Sharing Agreement

The District and Harris County Municipal Utility District No. 71 ("MUD 71") entered into a Joint Water Facilities and Cost Sharing Agreement (the "Water Agreement") as of September 18, 2006, as subsequently amended January 14, 2008, February 17, 2014, December 15, 2014, May 23, 2018, December 9, 2019, and March 16, 2026, for a term of forty years for the purpose of acquiring, constructing, and operating regional water supply facilities (the "Facilities") to serve both districts. MUD 71 will be the legal owner of the Facilities for the benefit of both districts. The Facilities were planned to be constructed in 3 stages, which were designed to meet the projected demands of both districts.

MUD 71 was responsible for the design and construction of all phases; however, the District was responsible for the first $2,000,000 of construction costs of Phase 3, which was completed during the 2012 fiscal year. Any additional construction costs for the facilities will be paid by both districts on a pro-rata basis. In November 2023, MUD 71 advised the District that MUD 71 will incur significant costs to convert the disinfection system at the water plant. However, since the cost of this conversion

is subject to reimbursement by the West Harris County Regional Water Authority (the "Authority"), MUD 71 has agreed to fully finance the initial cost and will apply for reimbursement from the Authority. Any costs that are not reimbursed by the Authority will be allocated between MUD 71 and the District on a pro-rata basis as per the Water Agreement.

MUD 71 is required to establish a regional water facilities account and to deposit all funds received in payment of operating, maintenance and construction costs. Unless otherwise agreed, each district is required to advance funds to establish an operating reserve of at least 3 months of budgeted operating and maintenance costs, which is held in the regional water facilities account. As of March 31, 2026, the joint water and sewer reserve was $52,865.

MUD 71 will invoice each district on a monthly basis for its pro-rata share of construction costs and operating and maintenance costs. If MUD 71 determines, from time to time, that the collective amount of the Districts' individual deposits should be increased or decreased, MUD 71 shall either invoice each District for an additional amount (which will be the same for each District) or will reimburse each District for an equal share of the surplus amount. MUD 71 will invoice each district on a monthly basis for its pro-rata share of operating and maintenance costs. During the current fiscal year ended March 31, 2026, the District recorded $1,155,668 for purchased water services.

Note 11 – Joint Wastewater Treatment Facilities and Cost Sharing Agreement

On September 18, 2006, as amended October 1, 2009, and January 1, 2012, the District entered into a Joint Wastewater Treatment Facilities and Cost Sharing Agreement (the "Joint Wastewater Agreement") with MUD 71 for a term of forty years. Under the terms of the Joint Wastewater Agreement, MUD 71 has sold wastewater treatment capacity to serve an annexed area of the District from MUD 71's existing wastewater treatment facilities. MUD 71 will hold legal title to the facilities for the benefit of both districts. However, the District will have equitable interest in their share of purchased capacity. During the current fiscal year ended March 31, 2026, the District recorded $99,889 for purchased sewer services.

Note 12 – Strategic Partnership Agreement

The District entered into a Strategic Partnership Agreement (the "Agreement") with the City of Houston (the "City") effective June 5, 2014. Pursuant to the terms of the Agreement, the City annexed a portion of the District for limited purposes (the "Tract"). The SPA provides for the levy of City sales tax on qualifying retail sales within the Tract of which the District would receive one-half. However, the Tract is overlapped by an Emergency Services District that purportedly has priority to collect the sales tax that would otherwise be available to the City. Since the City will not be collecting such sales tax, the District will not be receiving any sales tax revenue under this Agreement. The District will continue to provide water, sewer and drainage services to all properties within its boundaries until full annexation.

Note 13 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Required Supplementary Information

Harris County Municipal Utility District No. 287
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended March 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 900,000	$ 870,885	$ (29,115)
Sewer service	948,000	971,356	23,356
Property taxes	4,200,000	4,348,358	148,358
Penalties and interest	36,000	37,093	1,093
Groundwater pumpage fees	810,000	795,785	(14,215)
Tap connection and inspection	45,600	715,035	669,435
Miscellaneous	51,600	79,434	27,834
Investment earnings	468,000	729,168	261,168
Total Revenues	7,459,200	8,547,114	1,087,914
Expenditures			
Current service operations			
Purchased services	1,273,465	1,255,556	17,909
Professional fees	259,000	227,583	31,417
Contracted services	992,650	963,354	29,296
Repairs and maintenance	709,233	1,253,857	(544,624)
Utilities	116,400	104,697	11,703
Leases	385,200	385,200	
Administrative	148,990	86,220	62,770
Other	34,600	36,214	(1,614)
Capital outlay	3,582,464	1,852,306	1,730,158
Total Expenditures	7,502,002	6,164,987	1,337,015
Revenues Over/(Under) Expenditures	(42,802)	2,382,127	2,424,929
Other Financing Uses			
Internal transfers		(206,140)	(206,140)
Net Change in Fund Balance	(42,802)	2,175,987	2,218,789
Fund Balance			
Beginning of the year	18,770,017	18,770,017	
End of the year	$ 18,727,215	$ 20,946,004	$ 2,218,789

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Harris County Municipal Utility District No. 287
TSI-1. Services and Rates
March 31, 2026

1. Services provided by the District During the Fiscal Year:

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

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

[ ] Other (Specify): _____

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	$ 26.00	5,000	N	$ 1.00	5,001 to 15,000
				$ 1.50	15,001 to 30,000
				$ 2.00	30,001 to no limit
Wastewater:	$ 48.00	- 0 -	Y		to
Surcharge:		- 0 -	N	$ 4.345	- 0 - to no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 74.45 Wastewater $ 48.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	38	38	x 1.0	38
1"	1,138	1,132	x 2.5	2,830
1.5"	10	10	x 5.0	50
2"	45	45	x 8.0	360
3"	1	1	x 15.0	15
4"	4	4	x 25.0	100
6"	8	8	x 50.0	400
8"	10	10	x 80.0	800
10"	2	2	x 115.0	230
Total Water	1,256	1,250		4,823
Total Wastewater	1,199	1,193	x 1.0	1,193

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-1. Services and Rates
March 31, 2026

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

*Gallons pumped into system:	187,084,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	187,084,000	100.00%

4. Standby Fees (authorized only under TWC Section 49.231):

The District does not have Debt Service standby fees.

The District does not have Operation and Maintenance standby fees.

5. Location of District:

Is the District located entirely within one county? Yes [X] No [ ]

County(ies) in which the District is located: Harris County

Is the District located within a city? Entirely [ ] Partly [ ] Not at all [X]

City(ies) in which the District is located:

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

Entirely [X] Partly [ ] Not at all [ ]

ETJs in which the District is located: City of Houston

Are Board members appointed by an office outside the district? Yes [ ] No [X]

If Yes, by whom?

*Joint system with Haris County Municipal Utility District No. 71

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-2. General Fund Expenditures
For the Year Ended March 31, 2026

Purchased services	$ 1,255,556
Professional fees	
Legal	125,462
Audit	19,000
Engineering	83,121
	227,583
Contracted services	
Bookkeeping	34,464
Operator	201,718
Garbage collection	312,552
Security	248,542
Sludge removal	166,078
	963,354
Repairs and maintenance	1,253,857
Utilities	104,697
Lease expense	385,200
Administrative	
Directors fees	17,680
Printing and office supplies	9,240
Insurance	23,361
Other	35,939
	86,220
Other	36,214
Capital outlay	1,852,306
Total expenditures	$ 6,164,987

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-3. Investments
March 31, 2026

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	$ 20,514,438
Debt Service			
TexPool	Variable	N/A	4,088,649
TexPool - Road	Variable	N/A	810,622
			4,899,271
Total - All Funds			$ 25,413,709

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-4. Taxes Levied and Receivable
March 31, 2026

	Maintenance Taxes	Road Debt Service Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 120,831	$ 19,996	$ 110,359	$ 251,186
Adjustments to Prior Year Tax Levy	(80,417)	(12,411)	(70,848)	(163,676)
Adjusted Receivable	40,414	7,585	39,511	87,510
2025 Original Tax Levy	4,298,614	607,413	3,691,201	8,597,228
Adjustments	159,584	22,549	137,034	319,167
Adjusted Tax Levy	4,458,198	629,962	3,828,235	8,916,395
Total to be accounted for	4,498,612	637,547	3,867,746	9,003,905
Tax collections:				
Current year	4,324,298	611,042	3,713,256	8,648,596
Prior years	24,060	3,763	20,286	48,109
Total Collections	4,348,358	614,805	3,733,542	8,696,705
Taxes Receivable, End of Year	$ 150,254	$ 22,742	$ 134,204	$ 307,200
Taxes Receivable, By Years				
2025	$ 133,900	$ 18,920	$ 114,979	$ 267,799
2024	5,472	834	4,639	10,945
2023	4,929	802	5,044	10,775
2022 and prior	5,953	2,186	9,542	17,681
Taxes Receivable, End of Year	$ 150,254	$ 22,742	$ 134,204	$ 307,200

	2025	2024	2023	2022
Property Valuations:				
Land	$ 197,525,566	$ 194,267,830	$ 189,936,318	$ 171,157,913
Improvements	673,073,493	630,219,765	586,383,179	517,430,517
Personal Property	146,859,226	138,430,850	121,399,519	94,333,164
Exemptions	(48,284,890)	(43,050,556)	(36,404,639)	(30,370,520)
Total Property Valuations	$ 969,173,395	$ 919,867,889	$ 861,314,377	$ 752,551,074
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.460	$ 0.46	$ 0.43	$ 0.40
Road debt service tax rates	0.065	0.07	0.07	0.08
Debt service tax rates	0.395	0.39	0.44	0.52
Total Tax Rates per $100 Valuation	$ 0.920	$ 0.92	$ 0.94	$ 1.00
Adjusted Tax Levy:	$ 8,916,395	$ 8,462,785	$ 8,096,355	$ 7,525,511
Percentage of Taxes Collected to Taxes Levied **	97.00%	99.87%	99.87%	99.92%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 7, 2006
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on November 8, 2011
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 150,000	$ 106,963	$ 256,963
2028	155,000	102,388	257,388
2029	165,000	97,381	262,381
2030	175,000	91,856	266,856
2031	180,000	85,862	265,862
2032	190,000	79,388	269,388
2033	200,000	72,312	272,312
2034	210,000	64,625	274,625
2035	220,000	56,288	276,288
2036	230,000	47,287	277,287
2037	245,000	37,788	282,788
2038	255,000	27,788	282,788
2039	270,000	17,118	287,118
2040	280,000	5,775	285,775
	$ 2,925,000	$ 892,819	$ 3,817,819

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2015--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 415,000	$ 187,788	$ 602,788
2028	415,000	175,337	590,337
2029	415,000	162,887	577,887
2030	415,000	150,437	565,437
2031	415,000	137,987	552,987
2032	415,000	125,537	540,537
2033	415,000	113,087	528,087
2034	415,000	100,637	515,637
2035	415,000	87,668	502,668
2036	415,000	74,181	489,181
2037	415,000	60,693	475,693
2038	415,000	47,206	462,206
2039	415,000	33,719	448,719
2040	415,000	20,231	435,231
2041	415,000	6,744	421,744
	$ 6,225,000	$ 1,484,139	$ 7,709,139

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 360,000	$ 141,750	$ 501,750
2028	360,000	134,550	494,550
2029	360,000	127,350	487,350
2030	360,000	119,925	479,925
2031	360,000	112,050	472,050
2032	360,000	102,600	462,600
2033	360,000	91,800	451,800
2034	360,000	81,000	441,000
2035	360,000	70,200	430,200
2036	360,000	59,400	419,400
2037	360,000	48,600	408,600
2038	360,000	37,800	397,800
2039	360,000	27,000	387,000
2040	360,000	16,200	376,200
2041	360,000	5,400	365,400
	$ 5,400,000	$ 1,175,625	$ 6,575,625

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2017 Road--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 455,000	$ 202,694	$ 657,694
2028	455,000	191,888	646,888
2029	455,000	179,944	634,944
2030	455,000	167,431	622,431
2031	455,000	154,350	609,350
2032	455,000	140,700	595,700
2033	455,000	127,050	582,050
2034	455,000	113,116	568,116
2035	455,000	98,897	553,897
2036	455,000	84,394	539,394
2037	455,000	69,606	524,606
2038	455,000	54,534	509,534
2039	455,000	39,178	494,178
2040	450,000	23,625	473,625
2041	450,000	7,875	457,875
	$ 6,815,000	$ 1,655,282	$ 8,470,282

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 270,000	$ 122,050	$ 392,050
2028	270,000	116,650	386,650
2029	265,000	110,969	375,969
2030	265,000	105,006	370,006
2031	265,000	99,044	364,044
2032	265,000	92,750	357,750
2033	265,000	86,125	351,125
2034	265,000	79,500	344,500
2035	265,000	72,875	337,875
2036	265,000	66,084	331,084
2037	265,000	59,128	324,128
2038	265,000	52,172	317,172
2039	265,000	45,216	310,216
2040	265,000	38,259	303,259
2041	265,000	31,303	296,303
2042	265,000	24,347	289,347
2043	265,000	17,391	282,391
2044	265,000	10,434	275,434
2045	265,000	3,478	268,478
	$ 5,045,000	$ 1,232,781	$ 6,277,781

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2020 Refunding--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 120,000	$ 39,900	$ 159,900
2028	125,000	36,225	161,225
2029	130,000	32,400	162,400
2030	135,000	28,425	163,425
2031	140,000	24,300	164,300
2032	140,000	20,100	160,100
2033	145,000	15,825	160,825
2034	150,000	11,400	161,400
2035	150,000	6,900	156,900
2036	155,000	2,325	157,325
	$ 1,390,000	$ 217,800	$ 1,607,800

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2020A--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 570,000	$ 224,737	$ 794,737
2028	570,000	213,337	783,337
2029	565,000	201,987	766,987
2030	565,000	190,687	755,687
2031	565,000	179,387	744,387
2032	565,000	168,088	733,088
2033	565,000	156,788	721,788
2034	565,000	145,488	710,488
2035	565,000	134,188	699,188
2036	565,000	122,888	687,888
2037	565,000	111,588	676,588
2038	565,000	100,288	665,288
2039	565,000	88,281	653,281
2040	565,000	75,569	640,569
2041	565,000	62,503	627,503
2042	565,000	49,084	614,084
2043	565,000	35,313	600,313
2044	565,000	21,188	586,188
2045	565,000	7,063	572,063
	$ 10,745,000	$ 2,288,452	$ 13,033,452

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2021 Refunding--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 170,000	$ 46,506	$ 216,506
2028	170,000	42,256	212,256
2029	180,000	38,756	218,756
2030	185,000	35,107	220,107
2031	185,000	31,406	216,406
2032	190,000	27,656	217,656
2033	195,000	23,806	218,806
2034	200,000	19,857	219,857
2035	205,000	15,806	220,806
2036	215,000	11,606	226,606
2037	220,000	7,119	227,119
2038	225,000	2,391	227,391
	$ 2,340,000	$ 302,272	$ 2,642,272

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
Series 2021A--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ 530,000	$ 207,875	$ 737,875
2028	530,000	197,275	727,275
2029	530,000	191,975	721,975
2030	530,000	186,675	716,675
2031	530,000	178,725	708,725
2032	530,000	170,775	700,775
2033	530,000	160,175	690,175
2034	530,000	149,575	679,575
2035	530,000	138,975	668,975
2036	530,000	128,375	658,375
2037	530,000	117,775	647,775
2038	530,000	107,175	637,175
2039	530,000	96,575	626,575
2040	525,000	85,313	610,313
2041	525,000	74,156	599,156
2042	525,000	62,344	587,344
2043	525,000	49,875	574,875
2044	525,000	37,406	562,406
2045	525,000	24,937	549,937
2046	525,000	12,469	537,469
	$ 10,565,000	$ 2,378,425	$ 12,943,425

See accompanying auditor's report.

Harris County Municipal Utility District No. 287
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
March 31, 2026

Due During Fiscal Years Ending	Principal Due September 1, March 1	Interest Due September 1, March 1	Total
2027	$ 3,040,000	$ 1,280,263	$ 4,320,263
2028	3,050,000	1,209,906	4,259,906
2029	3,065,000	1,143,649	4,208,649
2030	3,085,000	1,075,549	4,160,549
2031	3,095,000	1,003,111	4,098,111
2032	3,110,000	927,594	4,037,594
2033	3,130,000	846,968	3,976,968
2034	3,150,000	765,198	3,915,198
2035	3,165,000	681,797	3,846,797
2036	3,190,000	596,540	3,786,540
2037	3,055,000	512,297	3,567,297
2038	3,070,000	429,354	3,499,354
2039	2,860,000	347,087	3,207,087
2040	2,860,000	264,972	3,124,972
2041	2,580,000	187,981	2,767,981
2042	1,355,000	135,775	1,490,775
2043	1,355,000	102,579	1,457,579
2044	1,355,000	69,028	1,424,028
2045	1,355,000	35,478	1,390,478
2046	525,000	12,469	537,469
	$ 51,450,000	$ 11,627,595	$ 63,077,595

See accompanying auditor's report.

	Bond Issue			
	Series 2014	Series 2015	Series 2016	Series 2017 Road
Interest rate	3.00% -5.00%	3.00% -5.50%	2.00% -3.00%	2.00% -4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/15 -9/1/39	9/1/17 -9/1/40	9/1/17 -9/1/40	9/1/19 -9/1/40
Beginning bonds outstanding	$ 3,070,000	$ 6,640,000	$ 5,760,000	$ 7,270,000
Bonds retired	(145,000)	(415,000)	(360,000)	(455,000)
Ending bonds outstanding	$ 2,925,000	$ 6,225,000	$ 5,400,000	$ 6,815,000
Interest paid during fiscal year	$ 111,387	$ 200,238	$ 148,950	$ 212,362
Paying agent's name and city				
All Series	The Bank of New York Mellon Trust Company, N.A., Dallas, TX			

Bond Authority:	Water, Sewer and Drainage Bonds	Parks and Recreational Bonds	Road Bonds	Refunding Bonds
Amount Authorized by Voters	$ 103,000,000	$ 5,700,000	$ 10,000,000	$ 103,000,000
Amount Issued	(61,840,000)		(10,000,000)	(210,000)
Remaining To Be Issued	$ 41,160,000	$ 5,700,000	$ -	$ 102,790,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of March 31, 2026:	$ 6,052,396
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,153,880

See accompanying auditor's report.

	Bond Issue			
	Series 2019	Series 2020 Refunding	Series 2020A	Series 2021 Refunding
Interest rate	2.00% -2.625%	3.00% -4.00%	2.00% -2.50%	2.00% -3.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/20 -9/1/44	9/1/21 -9/1/35	9/1/21 -9/1/44	9/1/22 -9/1/37
Beginning bonds outstanding	$ 5,315,000	$ 1,505,000	$ 11,315,000	$ 2,500,000
Bonds retired	(270,000)	(115,000)	(570,000)	(160,000)
Ending bonds outstanding	$ 5,045,000	$ 1,390,000	$ 10,745,000	$ 2,340,000
Interest paid during fiscal year	$ 127,450	$ 44,000	$ 236,137	$ 51,457

See accompanying auditor's report.

Bond Issue	
Series 2021A	Totals
1.00% -2.375% 9/1; 3/1 3/1/23 - 3/1/46	
$ 11,095,000	$ 54,470,000
(530,000)	(3,020,000)
$ 10,565,000	$ 51,450,000
$ 218,475	$ 1,350,456

Harris County Municipal Utility District No. 287
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2026	2025	2024	2023	2022
Revenues					
Water service	$ 870,885	$ 833,795	$ 858,129	$ 828,987	$ 755,326
Sewer service	971,356	947,477	932,910	895,381	856,399
Property taxes	4,348,358	4,103,886	3,664,923	3,078,515	2,038,642
Penalties and interest	37,093	35,733	38,704	31,951	33,316
Groundwater pumpage fees	795,785	760,055	827,370	708,237	526,697
Tap connection and inspection	715,035	211,904	239,105	282,143	513,080
Miscellaneous	79,434	51,896	50,629	45,948	49,996
Investment earnings	729,168	746,815	654,477	262,995	3,360
Total Revenues	8,547,114	7,691,561	7,266,247	6,134,157	4,776,816
Expenditures					
Current service operations					
Purchased services - current	1,255,556	1,143,428	1,121,428	1,095,530	657,260
Purchased services - prior				158,107	
Professional fees	227,583	281,167	261,866	242,628	249,118
Contracted services	963,354	828,980	755,802	502,161	610,572
Repairs and maintenance	1,253,857	779,173	768,711	698,057	481,705
Utilities	104,697	106,843	100,726	79,235	69,722
Leases	385,200	376,200	279,600	159,949	482,050
Administrative	86,220	104,757	88,579	67,320	77,243
Other	36,214	26,289	31,813	40,542	92,034
Capital outlay	1,852,306	895,671	58,041	119,779	569,522
Debt service					
Lease - principal		20,729	153,798	302,716	
Lease - interest		271	3,202	15,285	
Intergovernmental					
Capital contributions			560,182		
Total Expenditures	6,164,987	4,563,508	4,183,748	3,481,309	3,289,226
Revenues Over Expenditures	2,382,127	3,128,053	3,082,499	2,652,848	1,487,590
Other Financing Uses					
Internal transfers	(206,140)				
Net Change in Fund Balance	2,175,987	3,128,053	3,082,499	2,652,848	1,487,590
Fund Balance, Beginning of the year	18,770,017	15,641,964	12,559,465	9,906,617	8,419,027
End of the year	$ 20,946,004	$ 18,770,017	$ 15,641,964	$ 12,559,465	$ 9,906,617

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
11%	11%	12%	12%	15%
11%	12%	13%	15%	18%
51%	53%	50%	50%	43%
*	*	1%	1%	1%
9%	10%	11%	12%	11%
8%	3%	3%	5%	11%
1%	1%	1%	1%	1%
9%	10%	9%	4%	*
100%	100%	100%	100%	100%
15%	15%	15%	18%	14%
			3%	
3%	4%	4%	4%	5%
11%	11%	10%	8%	13%
15%	10%	11%	11%	10%
1%	1%	1%	1%	1%
5%	5%	4%	3%	10%
1%	1%	1%	1%	2%
*	*	*	1%	2%
22%	12%	1%	2%	12%
	*	2%	5%	
	*	*	*	
		8%		
73%	59%	57%	57%	69%
27%	41%	43%	43%	31%

Harris County Municipal Utility District No. 287
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2026	2025	2024	2023	2022
Revenues					
Property taxes	$ 4,348,347	$ 4,091,411	$ 4,316,120	$ 4,556,808	$ 4,499,519
Penalties and interest	80,872	59,721	48,612	27,838	26,107
Miscellaneous	85				25
Investment earnings	158,143	199,668	193,066	85,790	2,079
Total Revenues	4,587,447	4,350,800	4,557,798	4,670,436	4,527,730
Expenditures					
Tax collection services	116,347	139,468	95,067	77,157	76,251
Debt service					
Principal	3,020,000	3,010,000	3,000,000	2,985,000	2,400,000
Interest and fees	1,359,006	1,429,231	1,502,806	1,587,431	1,535,201
Debt issuance costs					88,364
Total Expenditures	4,495,353	4,578,699	4,597,873	4,649,588	4,099,816
Revenues Over/(Under) Expenditures	92,094	(227,899)	(40,075)	20,848	427,914
Other Financing Sources/(Uses)					
Proceeds from sale of bonds					250,275
Proceeds from sale of refunding bonds					2,950,000
Payment to refunded bond escrow agent					(2,862,284)
Net Change in Fund Balance	92,094	(227,899)	(40,075)	20,848	765,905
Fund Balance, Beginning of the year	5,446,247	5,674,146	5,714,221	5,693,373	4,927,468
End of the year	$ 5,538,341	$ 5,446,247	$ 5,674,146	$ 5,714,221	$ 5,693,373
Total Active Retail Water Connections	1,250	1,241	1,238	1,228	1,224
Total Active Retail Wastewater Connections	1,193	1,185	1,186	1,181	1,177

*Percentage is negligible
See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
95%	94%	95%	97%	99%
2%	1%	1%	1%	1%
*				*
3%	5%	4%	2%	*
100%	100%	100%	100%	100%
3%	3%	2%	2%	2%
66%	69%	66%	64%	53%
30%	33%	33%	34%	34%
				2%
99%	105%	101%	100%	91%
1%	(5%)	(1%)	0%	9%

Harris County Municipal Utility District No. 287
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended March 31, 2026

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, TX, 77027
District Business Telephone Number:	713-860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 20, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Frank Sheehy	05/24 - 05/28	$ 1,547	$ 165	President
Sherri Sloan	01/24 - 05/26	5,083	4,077	Vice President
Andres Juarez	05/22 - 05/26	3,757	3,543	Secretary
Al Secor	05/22 - 05/26	1,326	341	Assistant Vice President
David Fontaine	05/24 - 05/28	5,967	3,504	Assistant Secretary
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP *General legal fees*	2006	$ 156,201		Attorney
Inframark, LLC	2012	1,085,269		Operator
McLennan & Associates, LP	2006	49,493		Bookkeeper
Tax Tech, Inc.	2006	29,546		Tax Collector
Harris Central Appraisal District	Legislation	67,379		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2008	15,480		Delinquent Tax Attorney
BGE, Inc.	2006	917,380		Engineer
McGrath & Co., PLLC	2010	24,500		Auditor
Masterson Advisors, LLC	2018			Financial Advisor

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

See accompanying auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

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

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