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

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 21, 2026

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

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, ASAMENDED, 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 WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry Only

Underlying Rating: Moody's "Baa1"
See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" herein.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT

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

$9,545,000
UNLIMITED TAX BONDS
SERIES 2026

$3,365,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

The $9,545,000 Unlimited Tax Bonds, Series 2026 (the "Series 2026 Bonds") and the $3,365,000 Unlimited Tax Road Bonds, Series 2026 (the "Series 2026 Road Bonds") (collectively referred herein as the "Bonds") are obligations solely of Lower Kirby Pearland Management District (the "District") and are not obligations of the State of Texas, Harris County, the City of Pearland 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 SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Dated Date: December 1, 2026 **Due: September 1, as shown on the inside cover**
Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Paying Agent/Registrar") upon surrender of the Bonds for payment. 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 each March 1 and September 1, commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown on the inside cover.

The Bonds will be registered 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 of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. 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 directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "BOOK ENTRY ONLY SYSTEM."

See "MATURITY SCHEDULES" on the inside cover

The Bonds are offered by the Underwriters (as defined herein) subject to prior sale, when, as and if issued by the District and accepted by the Underwriters, 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. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about December 17, 2026.

Bids Due: Wednesday, November 18, 2026 at 11:00 A.M., Central Standard Time in Houston, Texas
Bid Award: Wednesday, November 18, 2026 at 12:30 P.M., Central Standard Time in Houston, Texas

MATURITY SCHEDULES

$9,545,000
THE SERIES 2026 BONDS

Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (d)	CUSIP Number (c)	Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (d)	CUSIP Number (c)
2028	$ 150,000	%	%		2040	$ 430,000 (b)	%	%	
2029	150,000				2041	455,000 (b)			
2030	150,000				2042	475,000 (b)			
2031	150,000				2043	500,000 (b)			
2032	150,000				2044	520,000 (b)			
2033	155,000 (b)				2045	545,000 (b)			
2034	170,000 (b)				2046	575,000 (b)			
2035	170,000 (b)				2047	600,000 (b)			
2036	360,000 (b)				2048	625,000 (b)			
2037	375,000 (b)				2049	645,000 (b)			
2038	390,000 (b)				2050	685,000 (b)			
2039	410,000 (b)				2051	710,000 (b)			

$3,365,000
THE SERIES 2026 ROAD BONDS

Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (d)	CUSIP Number (c)	Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (d)	CUSIP Number (c)
2028	$ 50,000	%	%		2040	$ 150,000 (b)	%	%	
2029	50,000				2041	165,000 (b)			
2030	50,000				2042	165,000 (b)			
2031	50,000				2043	175,000 (b)			
2032	50,000				2044	185,000 (b)			
2033	55,000 (b)				2045	195,000 (b)			
2034	60,000 (b)				2046	200,000 (b)			
2035	60,000 (b)				2047	210,000 (b)			
2036	125,000 (b)				2048	220,000 (b)			
2037	130,000 (b)				2049	235,000 (b)			
2038	140,000 (b)				2050	250,000 (b)			
2039	145,000 (b)				2051	250,000 (b)			

(a) The Underwriters (as herein defined) may designate one or more maturities of term bonds. See accompanying OFFICIAL NOTICES OF SALE.

(b) Bonds maturing on or after September 1, 2033, are subject to redemption at the option of the District prior to or from time to time in part, 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 (as herein defined) to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

(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 Underwriters shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(d) Initial yield represents the initial offering yield to the public, which has been established by the Underwriters for offers to the public and which subsequently may be changed.

TABLE OF CONTENTS

MATURITY SCHEDULES **1**
USE OF INFORMATION IN OFFICIAL STATEMENT **3**
SALE AND DISTRIBUTION OF THE BONDS **4**
Award of the Bonds 4
Prices and Marketability 4
Securities Laws 4
OFFICIAL STATEMENT SUMMARY **5**
SELECTED FINANCIAL INFORMATION (UNAUDITED) **10**
THE BONDS **11**
Description 11
Method of Payment of Principal and Interest 11
Source of and Security for Payment 12
Funds 12
Redemption Provisions 12
Authority for Issuance 13
Dissolution by the City of Pearland 13
Registration and Transfer 13
Lost, Stolen or Destroyed Bonds 14
Replacement of Paying Agent/Registrar 14
Issuance of Additional Debt 14
Remedies in Event of Default 14
Legal Investment and Eligibility to Secure Public Funds in Texas 15
Defeasance 15
BOOK-ENTRY-ONLY SYSTEM **16**
USE AND DISTRIBUTION OF BOND PROCEEDS **17**
THE DISTRICT **18**
General 18
Location 18
Land Use and Status of Development 19
Future Development 19
THE ROLE OF THE CITY OF PEARLAND **19**
General 19
Agreements with the City of Pearland and Other Political Subdivisions 20
PRINCIPAL PROPERTY OWNERS **20**
MANAGEMENT OF THE DISTRICT **21**
Board of Directors 21
District Consultants 22
ROADS **22**
THE SYSTEM **22**
Regulation 22
Water Supply 22
Wastewater Treatment 23
Water Distribution, Wastewater Collection and Storm Drainage Facilities 23
Storm Drainage Facilities 23
100-Year Flood Plain 23
PARK AND RECREATIONAL FACILITIES **23**
FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) **24**
Investments of the District 24
Outstanding Debt 25
Debt Service Requirements 26
Estimated Overlapping Debt 27
Overlapping Taxes 28
Sales and Use Tax 28
District Operations 29
TAX DATA **30**
Debt Service Tax 30
Maintenance and Operations Tax 30
Tax Exemptions 30
Additional Penalties 30
Historical Tax Rate Distribution 30
Historical Tax Collections 30
Tax Roll Information 31
Principal Taxpayers 31
Tax Adequacy for Debt Service 32
TAXING PROCEDURES **32**
Authority to Levy Taxes 32
Property Tax Code and County-Wide Appraisal District 32
Property Subject to Taxation by the District 32
Tax Abatement 33
Valuation of Property for Taxation 33
District and Taxpayer Remedies 34
Levy and Collection of Taxes 34
Tax Payment Installments 35
Rollback of Operation and Maintenance Tax Rate 35
District's Rights in the Event of Tax Delinquencies 36
INVESTMENT CONSIDERATIONS **36**
General 36
Dependence on Personal Property Tax Collections 36
Trade Disruptions and Increase in Costs of Building Materials 37
Specific Flood Type Risks 37
Economic Factors and Interest Rates 37
Credit Markets and Liquidity in the Financial Markets 38
Potential Effects of Oil Price Volatility on the Houston Area 38
Extreme Weather Events 38
Possible Impact on District Tax Rates 38
Role of Pearland in Development 39
Undeveloped Land and Vacant Tracts 39
Landowner/Pearland Obligation to the District 39
Tax Collections Limitations and Foreclosure Remedies 39
Registered Owners' Remedies and Bankruptcy Limitations 39
Future Debt 40
Environmental Regulations 41
Marketability 42
Changes in Tax Legislation 42
Continuing Compliance with Certain Covenants 42
Risk Factors Related to the Purchase of Municipal Bond Insurance 43
Cybersecurity 43
LEGAL MATTERS **43**
Legal Proceedings 43
No Material Adverse Change 44
No-Litigation Certificate 44
TAX MATTERS **44**
Tax Exemption 44
Not Qualified Tax-Exempt Obligations 44
Additional Federal Income Tax Considerations 45
MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE **46**
PREPARATION OF OFFICIAL STATEMENT **46**
Sources and Compilation of Information 46
Financial Advisor 46
Consultants 47
Updating the Official Statement 47
Certification of Official Statement 47
CONTINUING DISCLOSURE OF INFORMATION **47**
Annual Reports 48
Event Notices 48
Availability of Information from the MSRB 48
Limitations and Amendments 48
Compliance With Prior Undertakings 49
MISCELLANEOUS **49**

AERIAL PHOTOGRAPH
PHOTOGRAPHS OF THE DISTRICT
APPENDIX A—Financial Statement of the District for the fiscal year ended March 31, 2026

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

References to website 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 websites 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 Underwriters (as herein defined) and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2026 Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the "Series 2026 Bond Underwriter") bearing the interest rates shown on the inside cover page hereof, at a price of _____% of the par value thereof which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

After requesting competitive bids for the Series 2026 Road Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the "Series 2026 Road Bond Underwriter") bearing the interest rates shown on the inside cover page hereof, at a price of _____% of the par value thereof which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

The Series 2026 Bond Underwriter and the Series 2026 Road Bond Underwriter shall be referred to herein collectively as the "Underwriters."

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 Underwriters 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 Underwriters 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 special district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... The District was created as Spectrum Management District, a political subdivision of the State of Texas, by a special act of the 80th Texas Legislature, effective June 15, 2007. On March 13, 2012, by a resolution of the Board of Directors of the District, the District changed its name to the Lower Kirby Pearland Management District. The District operates in accordance with Chapter 3840 of the Texas Special District Local Laws Code, Chapter 375 of the Texas Local Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, Article III, Sections 52 and 52-a and Article XVI, Section 59 of the Texas Constitution, and other statutes of the State of Texas applicable to certain political subdivisions of the State of Texas. The District contains approximately 946 acres of land. See "THE DISTRICT."

Location... The District is located approximately 13 miles southeast of the City of Houston in Harris County and entirely within the corporate boundaries of the City of Pearland. Access to the District is provided by State Highway 288 to Sam Houston Toll Road, and Kirby Drive. The District is bounded on the north by Sam Houston Toll Road, on the east by State Highway 288, on the west by Almeda School Road and on the south by Clear Creek. See "THE DISTRICT" and "AERIAL PHOTOGRAPH."

Principal Property Owners… Mitsubishi Heavy Industries Compressor International Corporation, a wholly-owned subsidiary of Mitsubishi Heavy Industries, Ltd. ("MHI") has constructed a 178,500 square foot plant on approximately 28 acres within the District. MHI represents $71,514,584 or 10.33% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Levey Group Fund 25 LLC ("Levey") constructed Levey Logistics Park consisting of two industrial buildings comprising approximately 661,680 square feet on approximately 36 acres in the District. Levey represents $67,491,462 or 9.75% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. The Levey buildings are 100% leased.

Sueba Development 188 LP ("Sueba") has constructed the Ivy Lofts, a 335 unit apartment complex on approximately 6 acres within the District that includes approximately 10,707 square feet of ground-floor retail. Sueba represents $66,580,860 or 9.62% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Zeller 401 ZFG TIC LLC ("Zeller 401"), a special purpose entity affiliated with the Zeller Realty Group, a commercial real estate investment and development firm headquartered in Chicago, Illinois, constructed a 276,770 square foot manufacturing and research facility on approximately 10 acres of land in the District. Lonza America, Inc. ("Lonza"), a wholly owned subsidiary of Lonza Group AG, an international biotechnology and pharmaceutical company based in Switzerland, leases the biotechnology facility from Zeller 401. Zeller 401 represents $60,297,129 or 8.71% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. Lonza Houston Inc. owns and occupies the Pearland Kirby Medical Plaza and Surgery Center and represents $16,128,592 or 2.33% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. Lonza Houston, Inc. also owns approximately 19 acres of developable land within the District.

Stream Reality Partners developed two buildings totaling 389,412 square feet on approximately 24 acres. Applied Optoelectronics Inc. ("AOI"), a publicly traded company (NASDAQ: AAOI), purchased the two buildings. AOI represents $50,818,748 or 7.34% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Merit Medical Systems, Inc. ("MMSI"), a publicly traded company (NASDAQ: MMSI), is located in an approximately 103,000 square foot building on approximately 12 acres in the District. MMSI represents $42,109,996 or 6.08% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

The energy division of Dover Corporation Company ("Dover"), a publicly traded company (NYSE: DOV) based in Downers Grove, Illinois, has constructed an approximately 152,000 square foot building on approximately 14 acres in the District. The Dover facilities in the District include office and manufacturing for three of its different brands: Bearings Plus Inc., Norris and Cook Compression. Dover represents $32,434,546 or 4.68% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. Endress Hauser Inc. ("Endress+Hauser") owns an approximately 119,856 square foot Gulf Coast Regional Center Campus on approximately 17 acres in the District. Endress+Hauser represents $26,804,674 or 3.87% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Lower Kirby Development LLC constructed an industrial warehouse comprising approximately 215,900 square feet on approximately 12 acres in the District, which is currently occupied by United Imaging. Lower Kirby Development LLC represents $21,950,000 or 3.17% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

D.I. Properties Inc. ("D.I."), a Berkshire Hathaway owned company, owns an approximately 75,000 square foot building on approximately 15 acres in the District. Tool Flo Manufacturing, Inc. ("Tool Flo"), a wholly owned subsidiary of Berkshire Hathaway, leases the facility from D.I. D.I. represents $18,633,580 or 2.69% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910 and Tool Flo represents $14,941,060 or 2.16% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Personal property of Freeport LNG Development LP and Koch Fertilizer Weaver LLC located at MHI's facility represent 2.19% ($15,186,783) and 0.55% ($3,800,894), respectively, of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Welcome Development Properties LLC ("Welcome") owns approximately 9 acres in the District, on which an approximately 46,000 square foot building is solely leased to and occupied by Abbott Industries ("Abbott"), a publicly traded company (NASDAQ: ABT) based in St. Paul, Minnesota. Abbott has a 10-year lease. Welcome represents $13,143,748 or 1.90% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. Welcome also owns approximately 26 acres of developable land within the District.

Millar Development LLC ("Millar") owns approximately 5 acres in the District where it has constructed a 53,000 square foot headquarters and manufacturing facility. Millar represents $13,608,092 or 1.97% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

America Modern Green Development (Houston) LLC ("AMG") owns approximately 17 acres of land in the District. AMG has deposited $4,296,059 with the District with a current balance as of October 21, 2026 of $1,568,785, which the District is using to pre-finance the cost of construction of certain water, sewer, drainage and recreational facilities to serve property owned by AMG.

See "THE DISTRICT—Land Use and Status of Development," "PRINCIPAL PROPERTY OWNERS," "TAX DATA—Principal Taxpayers" and "INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers," and "—Dependence on Personal Property Collections."

Role of the City of Pearland… Pursuant to agreements between the District and the City of Pearland, the City of Pearland serves as the developer with regard to portions of the utilities and roads. The City of Pearland provides funding for some of such projects and the District has agreed to reimburse the City of Pearland from proceeds of its bonds, when available. See "INVESTMENT CONSIDERATIONS—Role of Pearland in Development."

Land Use and Status of Development...

Development in the District primarily consists of industrial, manufacturing and commercial projects on an aggregate of approximately 388 acres. Development currently consists of (1) an approximately 276,770 square foot manufacturing and research Lonza biotechnology facility on approximately 10 acres, (2) an approximately 178,500 square foot MHI compressor and steam turbine manufacturing plant on approximately 28 acres, (3) an approximately 152,000 square foot Dover office/manufacturing facility on approximately 14 acres, (4) an approximately 103,000 square foot MMSI medical devices manufacturing plant on approximately 12 acres, (5) an approximately 90,000 square foot distribution facility on approximately 9 acres, (6) an approximately 75,000 square-foot ToolFlo Manufacturing headquarters, training and manufacturing facility on approximately 15 acres, (7) an approximately 46,000 square foot building on approximately 9 acres occupied by Abbott, (8) an approximately 45,000 square foot building on approximately 5 acres where Pearland Kirby Medical Plaza and Surgery Center has been constructed which is owned and occupied by Lonza Houston, Inc., (9) a 21,000 square foot facility for a Bobcat Equipment dealer on approximately 3 acres, (10) an approximately 119,856 square foot Gulf Coast Regional Center Campus on approximately 17 acres owned by Endress+Hauser, (11) an approximately 53,000 square foot Millar headquarters and manufacturing facility on approximately 5 acres, (12) the Ivy Lofts, a 335 unit apartment complex on approximately 6 acres that includes 10,707 square feet of ground-floor retail, (13) Levey Logistics Park consisting of two industrial buildings comprising approximately 661,680 square feet on approximately 36 acres in the District, (14) an industrial warehouse comprising approximately 215,900 square feet on approximately 12 acres in the District, (15) an approximately 128,000 square foot Lone Star Electric building on approximately 8 acres, and (16) a logistics warehouse park consisting of two buildings totaling approximately 389,412 square feet on approximately 24 acres occupied by AOI. Other businesses in the District include a fabrication facility, a lumberyard, FAMCO Machinery and Syntech Chemical plant. Kids Unlimited Ranch, a facility owned by Kids Unlimited Foundation, a non-profit organization, is also located in the District on approximately 13 acres. In addition, construction is underway on approximately 5 acres in the District for development of Ivy Forest Estates, a single-family residential rental townhome community consisting of 46 lots with estimated completion by the end of 2026.

The industrial/manufacturing/commercial projects listed above represent the majority of the taxable value in the District. However, the District does include some residential properties that existed prior to the District's creation in 2007 and are now located within the District's boundaries. The residential property in the District consists of 57 residences: 3 with a 2026 taxable value between $50,000 and $150,000, and 54 with a 2026 taxable value over $150,000.

The District also includes approximately 417 developable acres, of which approximately 205 acres are served by trunkline water distribution and wastewater collection facilities necessary for the construction of taxable improvements and a portion of the remaining developable acreage is served by private septic and water well systems. There are also approximately 123 acres of undevelopable acreage (easements, rights-of-way, floodway, open spaces and agricultural land) in the District. See "THE DISTRICT—Land Use and Status of Development" and "TAX DATA—Principal Taxpayers."

Payment Record...

The District has previously issued five series of unlimited tax road bonds, six series of unlimited tax bonds, two series of unlimited tax park bonds and two series of unlimited tax refunding bonds, of which $35,550,000 principal amount collectively remains outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District has never defaulted in the payment of principal and interest on the Outstanding Bonds.

THE BONDS

Description...

The $9,545,000 Unlimited Tax Bonds, Series 2026 (the "Series 2026 Bonds") and $3,365,000 Unlimited Tax Road Bonds, Series 2026 (the "Series 2026 Road Bonds") (collectively referred to herein as the "Bonds") are being issued as fully registered bonds pursuant to separate resolutions authorizing the issuance of the Bonds of each series (collectively, the "Bond Resolutions") adopted by the District's Board of Directors (the "Board"). The Series 2026 Bonds are being issued as serial bonds maturing on September 1 in each of the years 2028 through 2051, both inclusive. The Series 2026 Road Bonds are being issued as serial bonds maturing on September 1 in each of the years 2028 through 2051, both inclusive. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from the Date of Delivery and is payable March 1, 2027, and each September 1 and March 1 thereafter, until the earlier of maturity or redemption. See "THE BONDS."

Book-Entry-Only System…

The Depository Trust Company (defined as "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 each such series 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 in whole, or from time to time in part, at the option of the District prior to their maturity dates 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 for the Series 2026 Bonds...

Proceeds of the Series 2026 Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Bonds" and to pay administrative costs, and certain other costs and engineering fees related to the issuance of the Series 2026 Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Bonds."

Use of Proceeds for the Series 2026 Road Bonds...

Proceeds of the Series 2026 Road Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Road Bonds" and to pay administrative costs, and certain other costs and engineering fees related to the issuance of the Series 2026 Road Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Road Bonds."

Authority for Issuance...

The Series 2026 Bonds are the seventh series of bonds issued out of an aggregate of $181,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, wastewater and storm drainage facilities and refunding such bonds. The Series 2026 Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality ("TCEQ"), the terms and conditions of the Series 2026 Bond Resolution (defined herein), Article XVI, Section 59 of the Texas Constitution, Chapter 3840 of the Texas Special District Local Laws Code, Chapter 375 of the Texas Local Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. The TCEQ has approved the sale of $12,630,000 principal amount of bonds. The Series 2026 Bonds represent a portion of such TCEQ authorization. The District has not determined if or when the remaining amount approved by the TCEQ authorization will be issued.

The Series 2026 Road Bonds are the sixth series of bonds issued out of an aggregate of $84,090,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing roads and for the further purpose of refunding such bonds. The Series 2026 Road Bonds are issued by the District pursuant to the terms and conditions of the Series 2026 Road Bond Resolution (defined herein), Article III, Section 52 of the Texas Constitution, Chapter 375 of the Texas Local Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance" and "—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 two separate continuing direct annual ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Pearland, Harris County, the State of Texas or any entity other than the District. See "THE BONDS—Source of and Security for Payment."
Municipal Bond Rating and Municipal Bond Insurance...	Application has been made to Moody's Investors Service ("Moody's") for an underlying rating, and Moody's has assigned an underlying rating of "Baa1" to the Bonds. Application has also been made to two municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriters at the Underwriter's expense. The rating fee of Moody's will be paid for by the District; payment of any other rating fee will be the responsibility of the Underwriters. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."
Not Qualified Tax-Exempt Obligations...	The Bonds will not be designated as "qualified tax-exempt obligations" for financial institutions.
Bond Counsel...	Allen Boone Humphries Robinson LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS" and "TAX MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
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. See "THE BONDS—Method of Payment of Principal and Interest."

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	$713,410,910	(a)
Estimated Taxable Assessed Valuation as of September 1, 2026	$717,142,663	(b)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds)	$48,460,000	(c)
Estimated Overlapping Debt	40,680,694	(d)
Gross Direct Debt and Estimated Overlapping Debt	$89,140,694	(d)
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	6.79%	
Estimated Taxable Assessed Valuation as of September 1, 2026	6.76%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	12.50%	
Estimated Taxable Assessed Valuation as of September 1, 2026	12.43%	
Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund Balance as of October 21, 2026	$2,083,757	(e)
Road Debt Service Fund Balance as of October 21, 2026	1,164,279	(f)
Total Funds Available for Debt Service as of October 21, 2026	$3,248,036	
General Operating Fund Balance Available as of October 21, 2026	$2,156,898	
Capital Projects Fund Balance Available as of October 21, 2026	$3,638,754	(g)
Road Capital Projects Fund Balance Available as of October 21, 2026	$1,666,074	(h)
Master Drainage Fund Balance Available as of October 21, 2026	$1,990,462	(i)
2026 Debt Service Tax Rate	$0.48	(j)
2026 Maintenance and Operations Tax Rate	0.22	
2026 Total Tax Rate	$0.70	
Projected Average Annual Debt Service Requirement (2027-2051)	$2,908,041	(k)
Projected Maximum Annual Debt Service Requirement (2028)	$4,331,913	(k)
Tax Rates Required to Pay Average Annual Debt Service (2027-2051) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.43	(l)
Based upon Estimated Taxable Assessed Valuation as of September 1, 2026	$0.43	(l)
Tax Rates Required to Pay Maximum Annual Debt Service (2028) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.64	(l)
Based upon Estimated Taxable Assessed Valuation as of September 1, 2026	$0.64	(l)

(a) The Harris Central Appraisal District (the "Appraisal District") has certified $692,370,152 of taxable value. In addition, $21,040,758 of value remains uncertified and subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District.. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on September 1, 2026. Increases in value that occur between January 1, 2026 and December 31, 2026 will be assessed for purposes of taxation on January 1, 2027. No tax will be levied on such amount until it is certified. See "TAX PROCEDURES."

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

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

(e) Funds in the Water, Sewer and Drainage and Park Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for water, sewer, drainage and recreational purposes, including the Series 2026 Bonds, and are not available to pay debt service on bonds issued by the District for road purposes, including the Series 2026 Road Bonds. See "THE BONDS—Funds."

(f) Funds in the Road Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for roads, including the Series 2026 Road Bonds, and are not available to pay debt service on bonds issued by the District for water, sewer, drainage and recreational purposes, including the Series 2026 Bonds. See "THE BONDS—Funds."

(g) A portion of such amounts will be used to fund projects financed by the Series 2026 Bonds and the remaining amounts are expected to be expended on current construction projects. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Bonds."

(h) A portion of such amounts will be used to fund projects financed by the Series 2026 Road Bonds and the remaining amounts are expected to be expended on current construction projects. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Road Bonds."

(i) A portion of the funds in the Master Drainage Fund represent non-refundable fees paid by business owners in connection with the District's regional drainage plan. The District uses these funds to construct drainage projects in the Master Drainage Plan.

(j) Of such $0.48 debt service tax rate, $0.27 per $100 of taxable assessed valuation is allocated to pay debt service on bonds issued for water, wastewater, storm drainage and recreational facilities and $0.21 per $100 of taxable assessed valuation is allocated to pay debt service on bonds issued for roads and improvements in aid thereof.

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

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

PRELIMINARY OFFICIAL STATEMENT

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
(A political subdivision of the State of Texas located within Harris County)

$9,545,000
UNLIMITED TAX BONDS
SERIES 2026

$3,365,000
UNLIMITED TAX ROAD BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Lower Kirby Pearland Management District (the "District") of its $9,545,000 Unlimited Tax Bonds, Series 2026 (the "Series 2026 Bonds") and its $3,365,000 Unlimited Tax Road Bonds, Series 2026 (the "Series 2026 Road Bonds") (collectively referred to herein as the "Bonds").

The Series 2026 Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), the terms and conditions of a resolution authorizing the issuance of the Series 2026 Bonds (the "Series 2026 Bond Resolution"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

The Series 2026 Road Bonds are issued by the District pursuant to the terms and conditions of a resolution authorizing the issuance of the Series 2026 Road Bonds (the "Series 2026 Road Bond Resolution"), Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 375 of the Texas Local Government Code, as amended, Chapter 3840 of the Texas Special District Local Laws Code, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

The Series 2026 Bond Resolution and the Series 2026 Road Bond Resolution will collectively be referred to herein as the "Bond Resolutions."

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolutions, principal property owners 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 documents referenced herein may be obtained from Allen Boone Humphries Robinson LLP ("Bond Counsel"), 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs.

THE BONDS

Description

The Bonds will be dated December 1, 2026 and accrue interest from the Date of Delivery, with interest payable each March 1 and September 1, beginning March 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 inside 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 Resolutions, 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 principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the 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 Resolutions.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remains 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 Resolutions, 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 State of Texas, Harris County, the City of Pearland, or any entity other than the District.

Funds

In the Series 2026 Bond Resolution, the Water, Sewer and Drainage Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Series 2026 Bonds authorized by the Series 2026 Bond Resolution shall be deposited, as collected, in such fund.

In the Series 2026 Road Bond Resolution, the Road Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Series 2026 Road Bonds authorized by the Series 2026 Road Bond Resolution shall be deposited, as collected, in such fund.

Funds in the Road Debt Service Fund are not available to pay principal and interest on the Series 2026 Bonds and the Outstanding Bonds issued for water, sewer, drainage and recreational purposes; Funds in the Water, Sewer and Drainage Debt Service Fund are not available to pay principal and interest on the Series 2026 Road Bonds and Outstanding Bonds issued for road purposes.

The proceeds from sale of the Series 2026 Bonds, including interest earnings thereon, shall be deposited into the Water, Sewer and Drainage Capital Projects Fund, to pay the costs of constructing District water, sewer and drainage facilities and for paying the costs of issuing the Series 2026 Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Bonds" for a more complete description of the use of Series 2026 Bond proceeds.

The proceeds from sale of the Series 2026 Road Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund, to pay the costs of constructing road improvements and for paying the costs of issuing the Series 2026 Road Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Road Bonds" for a more complete description of the use of Series 2026 Road Bond proceeds.

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 series and maturities of the Bonds to be redeemed will be selected by the District. If less than all of the Bonds of a certain series and 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 series and 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 bond elections held within the District on May 10, 2008 (the "2008 Election") and May 3, 2025 (the "2025 Election"), voters of the District authorized the issuance of $181,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities and refunding such bonds. The TCEQ has approved the sale of $12,630,000 principal amount of bonds. The Series 2026 Bonds represent a portion of such TCEQ authorization. The District has not determined if or when the remaining amount approved by the TCEQ authorization will be issued. At the 2008 Election and the 2025 Election, voters in the District additionally authorized the issuance of $84,090,000 principal amount of unlimited tax bonds for the purpose of constructing roads and for refunding such bonds. The Series 2026 Bonds are the seventh issue pursuant to and the Series 2026 Road Bonds are the sixth issue from the 2008 Election authorization. All authorizations from the 2025 Election remain authorized and unissued. See "Issuance of Additional Debt."

The Series 2026 Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Series 2026 Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 375 of the Texas Local Government Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. The Series 2026 Road Bonds are issued by the District pursuant to the terms and conditions of the Series 2026 Road Bond Resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 375 of the Texas Local Government Code, as amended, Chapter 3840 of the Texas Special District Local Laws Code, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions.

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.

Dissolution by the City of Pearland

The District lies wholly within the corporate limits of the City of Pearland. The District may be dissolved by the City of Pearland without the District's consent. If the District is dissolved, the City of Pearland will assume the District's assets and obligations (including the Bonds). Dissolution of the District by the City of Pearland is a policy matter within the discretion of the Mayor and City Council of the City of Pearland, and therefore, the District makes no representation that dissolution will or will not occur and makes no representation of the City of Pearland's financial capability to pay debt service on the Bonds if such dissolution were to occur.

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 Resolutions.

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 series and 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 series and 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 Resolutions 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 series, 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 Bond. 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 Resolutions 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, or 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 authorized the issuance of $181,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring water, wastewater and storm drainage facilities and refunding such bonds, $84,090,000 principal amount of unlimited tax bonds for the purpose of constructing roads and refunding such bonds, $29,120,000 principal amount of unlimited tax bonds for the purpose of providing recreational facilities and refunding such bonds, and $26,395,000 principal amount of unlimited tax bonds for the purpose of funding economic development programs and refunding such bonds. The voters in the District may authorize additional amounts. Any additional bonds sold would be on a parity with the Bonds. After the issuance of the Bonds, the District will have $146,385,000 principal amount of unlimited tax bonds authorized but unissued for acquiring or constructing water, wastewater and storm drainage facilities and refunding such bonds, $23,910,000 principal amount of unlimited tax bonds for the purpose of providing recreational facilities and refunding recreational bonds and $62,010,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of constructing roads and refunding such bonds. The TCEQ has approved the sale of $12,630,000 principal amount of bonds. The Series 2026 Bonds represent a portion of such TCEQ authorization. The District has not determined if or when the remaining amount approved by the TCEQ authorization will be issued. The full principal amount of the authorization for economic development remains unissued. Although the District has no plans to issue bonds for economic development purposes, the Texas Attorney General's Office of Public Finance has informed the District it will not approve a bond issue for economic development purposes. See "INVESTMENT CONSIDERATIONS–Future Debt".

The Bond Resolutions impose 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. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

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 Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions 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 Resolutions 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 Resolutions provide that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series and maturity of the Bonds, in the aggregate principal amount of such series and 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 3.6 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 S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by LJA, Inc. (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"). Any surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

SERIES 2026 BONDS

I.	**CONSTRUCTION COSTS**	
•	Kirby Lift Station	6,245,700
•	North Detention Pond Two	666,326
•	Promenade Shops Drive	47,207
•	Engineering	1,681,219
•	Stormwater Pollution Prevention Plan Costs	30,163
•	Land Aquisition	56,601
•	Contingency	802,953
•	Less: Surplus Funds	(813,173)
	Total Construction Costs	**$ 8,716,995**
II.	**NON-CONSTRUCTION COSTS**	
•	Underwriter's Discount (Estimated at 3.0%) (a)	$ 286,350
•	Developer Interest	4,201
	Total Non-Construction Costs	**$ 290,551**
III.	**ISSUANCE COSTS AND FEES**	
•	Issuance Costs and Professional Fees	$ 454,091
•	Bond Application Report	50,000
•	State Regulatory Fees	33,363
	Total Issuance Costs and Fees	**$ 537,454**
	TOTAL BOND ISSUE	**$ 9,545,000**

(a) The TCEQ approved a maximum Underwriter's discount of 3.0%.

SERIES 2026 ROAD BONDS

I.	**CONSTRUCTION COSTS**	
•	Promenade Shops Drive	1,054,040
•	Traffic Signal at South Spectrum Blvd & Promenade Shops Dr.	276,950
•	Engineering	1,108,751
•	Stormwater Pollution Prevention Plan Costs	5,700
•	Land Aquisition	590,000
•	Contingency	332,748
•	Less: Surplus Funds	(329,399)
	Total Construction Costs	**$ 3,038,790**
II.	**NON-CONSTRUCTION COSTS**	
•	Underwriter's Discount (Estimated at 3.0%)	$ 100,950
	Total Non-Construction Costs	**$ 100,950**
III.	**ISSUANCE COSTS AND FEES**	
•	Issuance Costs and Professional Fees	$ 211,895
•	Engineering Report	10,000
•	State Regulatory Fees	3,365
	Total Issuance Costs and Fees	**$ 225,260**
	TOTAL BOND ISSUE	**$ 3,365,000**

THE DISTRICT

General

The District was created as Spectrum Management District, a political subdivision of the State of Texas, by a special act of the 80th Texas Legislature, effective June 15, 2007. On March 13, 2012, by a resolution of the Board of Directors of the District, the District changed its name to the Lower Kirby Pearland Management District. The District operates in accordance with Chapter 3840 of the Texas Special District Local Laws Code, as amended, Chapter 375 of the Texas Local Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, Article III, Sections 52 and 52-a and Article XVI, Section 59 of the Texas Constitution, and other statutes of the State of Texas applicable to political subdivisions of the State of Texas. The District contains approximately 946 acres of land.

The District is empowered, among other things, to further economic development, eliminate unemployment or under employment, develop or expand transportation, promote health and safety and other purposes, and to purchase and construct all works, improvements, facilities and plants necessary for the supply and distribution of water, the collection and transportation of wastewater, the control and diversion of storm water, the construction of roads, and the construction or acquisition of recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct facilities required to further its purposes.

The District is required to observe certain requirements of the City of Pearland, which limit the purposes for which the District may sell bonds. Construction of the system serving the District is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."

Location

The District is located approximately 13 miles southeast of the City of Houston in Harris County and entirely within the corporate boundaries of the City of Pearland. Access to the District is provided by State Highway 288 to the Sam Houston Toll Road, to Kirby Drive. The District is bounded on the north by the Sam Houston Toll Road, on the east by State Highway 288, on the west by Almeda School Road, and on the south by Clear Creek. See "AERIAL PHOTOGRAPH."

Land Use and Status of Development

Industrial/Manufacturing/Commercial: Development in the District primarily consists of industrial, manufacturing and commercial projects on an aggregate of approximately 388 acres. Development currently consists of (1) an approximately 276,770 square foot manufacturing and research Lonza biotechnology facility on approximately 10 acres, (2) an approximately 178,500 square foot MHI compressor and steam turbine manufacturing plant on approximately 28 acres, (3) an approximately 152,000 square foot Dover office/manufacturing facility on approximately 14 acres, (4) an approximately 103,000 square foot MMSI medical devices manufacturing plant on approximately 12 acres, (5) an approximately 90,000 square foot distribution facility on approximately 9 acres, (6) an approximately 75,000 square-foot ToolFlo Manufacturing headquarters, training and manufacturing facility on approximately 15 acres, (7) an approximately 46,000 square foot building on approximately 9 acres occupied by Abbott, (8) an approximately 45,000 square foot building on approximately 5 acres where Pearland Kirby Medical Plaza and Surgery Center has been constructed which is owned and occupied by Lonza Houston, Inc., (9) a 21,000 square foot facility for a Bobcat Equipment dealer on approximately 3 acres, (10) an approximately 119,856 square foot Gulf Coast Regional Center Campus on approximately 17 acres owned by Endress+Hauser, (11) an approximately 53,000 square foot Millar headquarters and manufacturing facility on approximately 5 acres, (12) the Ivy Lofts, a 335 unit apartment complex on approximately 6 acres that includes 10,707 square feet of ground-floor retail, (13) Levey Logistics Park consisting of two industrial buildings comprising approximately 661,680 square feet on approximately 36 acres in the District, (14) an industrial warehouse comprising approximately 215,900 square feet on approximately 12 acres in the District, (15) an approximately 128,000 square foot Lone Star Electric building on approximately 8 acres, and (16) a logistics warehouse park consisting of two buildings totaling approximately 389,412 square feet on approximately 24 acres owned by AOI. Other businesses in the District include a fabrication facility, a lumberyard, FAMCO Machinery and Syntech Chemical plant. Kids Unlimited Ranch, a facility owned by Kids Unlimited Foundation, a non-profit organization, is also located in the District on approximately 13 acres.

Also, construction is underway on approximately 5 acres in the District for development of Ivy Forest Estates, a single-family residential rental townhome community consisting of 46 lots with estimated completion by the end of 2026.

Residential: The industrial/manufacturing/commercial projects listed above represent the majority of the taxable value in the District. However, the District does include some residential properties that existed prior to the District's creation in 2007 and are now located within the District's boundaries. The residential property in the District consists of 57 residences: 3 with a 2026 taxable value between $50,000 and $150,000, and 54 with a 2026 taxable value over $150,000.

Other: The District also includes approximately 417 developable acres, of which approximately 205 acres are served by trunkline water distribution and wastewater collection facilities necessary for the construction of taxable improvements and a portion of the remaining developable acreage is served by private septic and water well systems. There are also approximately 123 acres of undevelopable acreage (easements, rights-of-way, floodway, open spaces and agricultural land) in the District. See "THE DISTRICT—Land Use and Status of Development" and "TAX DATA—Principal Taxpayers."

Future Development

The District is currently planned as a primarily industrial/manufacturing/commercial development. Approximately 212 developable acres of land currently within the District are not yet served with water distribution and supply, wastewater collection and treatment or storm drainage facilities. Additional road improvements are also planned. While the District anticipates future development and improvement of this District, there can be no assurances if and when any of such undeveloped land will ultimately be developed or when additional roads will be constructed. The District anticipates issuing additional bonds to accomplish full development of the District and to pay outstanding amounts owed to the City of Pearland and certain other landowners. See "THE ROLE OF THE CITY OF PEARLAND" and "THE SYSTEM."

THE ROLE OF THE CITY OF PEARLAND

General

The City of Pearland is a political subdivision and home rule city of the State of Texas located within Brazoria, Fort Bend and Harris Counties, Texas and has land use and zoning restrictions. Property within the District is zoned for various mixed uses and any changes to the current zoning must be approved by the City of Pearland. The City operates and maintains the public water and sanitary sewer lines, storm sewer lines and public roads in the District. Pursuant to agreements between the District and the City of Pearland, the City of Pearland has taken on the role of developer with regard to portions of the utility and road construction. The City of Pearland provides funding for such projects and the District has agreed to reimburse the City of Pearland from bond proceeds, when available. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Bonds" and "INVESTMENT CONSIDERATIONS—Role of Pearland in Development."

Agreements with the City of Pearland and Other Political Subdivisions

Interlocal Agreement for Administration of the Master Drainage Plan: provides for the District to engage the City of Pearland to perform administration, plan review, collection of the plan review fees, and acquisition of right of way for the Master Drainage Plan (as amended, the "Plan"). The City of Pearland collects and retains the plan review fees. The City of Pearland will review drainage plans and specifications for the Plan to ensure compliance with the District's standards and regulations. The City of Pearland shall acquire any right of way needed to implement the Plan, with such costs to be reimbursed to the City of Pearland by the District pursuant to the financing agreement between the City of Pearland and the District. The agreement is for one year from the effective date and then automatically renews each succeeding year. The agreement can be cancelled at any time by either party with 30 days written notice.

Financing Agreement between the City of Pearland and the District: provides for financing and construction of facilities to serve land within the District. The agreement provides that the District's Engineer will design the improvements, or oversee the City of Pearland's design if the District authorizes the City of Pearland to design improvements. Both parties will authorize award of the projects. After completion of any project constructed under this agreement, the District will own, operate and maintain any regional drainage improvement, and the City of Pearland will own, operate and maintain any water, sewer, drainage or road improvement. This agreement provides for the parties to enter into letter financing agreements for each project.

The City of Pearland will be reimbursed by the District with bond proceeds pursuant to the rules of the TCEQ, where applicable. The agreement provides that the District will sell bonds at the earliest feasible date to repay the City of Pearland and sets out criteria for such repayment, including request of 100% reimbursement for facilities for which TCEQ approval is required. The term of the agreement is the earlier of March 10, 2054 or when the transactions contemplated by the agreement have been consummated.

Agreements with Pearland Municipal Management District No. 1 ("PMD 1"): The District and PMD 1 entered into a Cost Sharing and Implementation Agreement for the Plan, whereby the two districts share the cost of the Plan on a pro rata acreage basis.

The District and PMD 1 entered into an agreement for cost sharing each district's share of water, sewer, drainage, paving and landscaping improvements to serve South Spectrum Boulevard between State Highway 288 and Kirby Drive.

PRINCIPAL PROPERTY OWNERS

Mitsubishi Heavy Industries Compressor International Corporation, a wholly-owned subsidiary of Mitsubishi Heavy Industries, Ltd. ("MHI") has constructed a 178,500 square foot plant on approximately 28 acres within the District. MHI represents $71,514,584 or 10.33% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Levey Group Fund 25 LLC ("Levey") constructed Levey Logistics Park consisting of two industrial buildings comprising approximately 661,680 square feet on approximately 36 acres in the District. Levey represents $67,491,462 or 9.75% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. The Levey buildings are 100% leased.

Sueba Development 188 LP ("Sueba") has constructed the Ivy Lofts, a 335 unit apartment complex on approximately 6 acres within the District that includes approximately 10,707 square feet of ground-floor retail. Sueba represents $66,580,860 or 9.62% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Zeller 401 ZFG TIC LLC ("Zeller 401"), a special purpose entity affiliated with the Zeller Realty Group, a commercial real estate investment and development firm headquartered in Chicago, Illinois, constructed a 276,770 square foot manufacturing and research facility on approximately 10 acres of land in the District. Lonza America, Inc. ("Lonza"), a wholly owned subsidiary of Lonza Group AG, an international biotechnology and pharmaceutical company based in Switzerland, leases the biotechnology facility from Zeller 401. Zeller 401 represents $60,297,129 or 8.71% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. Lonza Houston Inc. owns and occupies the Pearland Kirby Medical Plaza and Surgery Center and represents $16,128,592 or 2.33% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. Lonza Houston, Inc. also owns approximately 19 acres of developable land within the District.

Stream Reality Partners developed two buildings totaling 389,412 square feet on approximately 24 acres. Applied Optoelectronics Inc. ("AOI"), a publicly traded company (NASDAQ: AAOI), purchased the two buildings. AOI represents $50,818,748 or 7.34% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Merit Medical Systems, Inc. ("MMSI"), a publicly traded company (NASDAQ: MMSI), is located in an approximately 103,000 square foot building on approximately 12 acres in the District. MMSI represents $42,109,996 or 6.08% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

The energy division of Dover Corporation Company ("Dover"), a publicly traded company (NYSE: DOV) based in Downers Grove, Illinois, has constructed an approximately 152,000 square foot building on approximately 14 acres in the District. The Dover facilities in the District include office and manufacturing for three of its different brands: Bearings Plus Inc., Norris and Cook Compression. Dover represents $32,434,546 or 4.68% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Endress Hauser Inc. ("Endress+Hauser") owns an approximately 119,856 square foot Gulf Coast Regional Center Campus on approximately 17 acres in the District. Endress+Hauser represents $26,804,674 or 3.87% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Lower Kirby Development LLC constructed an industrial warehouse comprising approximately 215,900 square feet on approximately 12 acres in the District, which is currently occupied by United Imaging. Lower Kirby Development LLC represents $21,950,000 or 3.17% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

D.I. Properties Inc. ("D.I."), a Berkshire Hathaway owned company, owns an approximately 75,000 square foot building on approximately 15 acres in the District. Tool Flo Manufacturing, Inc. ("Tool Flo"), a wholly owned subsidiary of Berkshire Hathaway, leases the facility from D.I. D.I. represents $18,633,580 or 2.69% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910 and Tool Flo represents $14,941,060 or 2.16% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Personal property of Freeport LNG Development LP and Koch Fertilizer Weaver LLC located at MHI's facility represent 2.19% ($15,186,783) and 0.55% ($3,800,894), respectively, of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

Welcome Development Properties LLC ("Welcome") owns approximately 9 acres in the District, on which an approximately 46,000 square foot building is solely leased to and occupied by Abbott Industries ("Abbott"), a publicly traded company (NASDAQ: ABT) based in St. Paul, Minnesota. Abbott has a 10-year lease. Welcome represents $13,143,748 or 1.90% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910. Welcome also owns approximately 26 acres of developable land within the District.

Millar Development LLC ('Millar") owns approximately 5 acres in the District where it has constructed a 53,000 square foot headquarters and manufacturing facility. Millar represents $13,608,092 or 1.97% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910.

America Modern Green Development (Houston) LLC ("AMG") owns approximately 17 acres of land in the District. AMG has deposited $4,296,059 with the District with a current balance as of October 21, 2026 of $1,568,785, which the District is using to pre-finance the cost of construction of certain water, sewer, drainage and recreational facilities to serve property owned by AMG.

See "THE DISTRICT—Land Use and Status of Development," "TAX DATA—Principal Taxpayers" and "INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers."

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of seven (7) directors, which has control over and management supervision of all affairs of the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Shareen Larmond	President	June 2027
Ross Steffenauer	Vice President	June 2029
John Chiang	Secretary	June 2029
Matthew J. Buchanan	Assistant Secretary	June 2029
Victor Brownlees	Director	June 2029
Anne Stoker	Director	June 2027
Vacant	Director	June 2027

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 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.

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: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's financial statements for the fiscal year ending March 31, 2026, were prepared by McCall Gibson Swedlund Barfoot Ellis PLLC. See "APPENDIX A" for a copy of the District's March 31, 2026, audited financial statements.

Engineer: The District's consulting engineer is LJA, Inc. The District has also contracted with Baxter & Woodman, Inc. for construction phase services.

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

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

Bookkeeper: The District has contracted with District Data Services, Inc. (the "Bookkeeper") for bookkeeping services.

ROADS

Proceeds from the Road Bonds (including the Series 2026 Road Bonds) are used to finance various roads and related improvements in the District. Roadways within the District are constructed of reinforced concrete with curbs on cement-stabilized subgrade. Public utilities (water, wastewater, drainage) and franchise utilities (underground electric, natural gas, and communications), which are not financed by the District, are typically located within the road right of ways or in utility easements adjacent to the right of ways. Maintenance of the roadways constructed by the District is the responsibility of the City of Pearland.

THE SYSTEM

Regulation

According to the District's Engineer, the drainage and detention facilities serving the District (the "System") have been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Pearland and Harris County.

The District is located totally within the corporate limits of the City of Pearland and water, sanitary sewer and storm sewer services are provided by the City of Pearland, which owns and operates such systems.

Water Supply

The City of Pearland provides connections in the District with potable water. According to the District's Engineer, the City of Pearland's facilities provide adequate water supply capacity to provide service to all connections in the District plus all connections in the District expected to be developed in the future to complete the development of the District.

Wastewater Treatment

The City of Pearland receives and treats all wastewater from connections in the District. The City of Pearland's Reflection Bay Water Reclamation Facility is sized and permitted at 6 million gallons per day ("mgd"). According to the District's Engineer, the City of Pearland's facilities are sufficient to provide wastewater treatment service to all connections in the District, plus all connections in the District expected to be developed in the future to complete the development of the District.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed by the City of Pearland to serve approximately 388 acres of industrial/manufacturing/commercial tracts in the District. Approximately 417 acres within the District are planned for future development, of which approximately 205 acres are served with trunkline water distribution and wastewater collection facilities (excluding approximately 5 acres under construction for a single-family residential rental townhome community) and a portion of such remaining developable acreage is served by septic and private water well systems. See "THE DISTRICT—Land Use and Status of Development" and "INVESTMENT CONSIDERATIONS—Undeveloped Land and Vacant Tracts."

Storm Drainage Facilities

The District's natural drainage patterns generally drain water from north to south. Storm-water runoff within the District flows into underground storm sewers and roadside ditches. The storm sewers and roadside ditches discharge to detention ponds within the District, which drain into Clear Creek.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards.

A portion of the District is shown to be within the 100-year flood plain according to the FIRM. All future development will be required to be constructed above the established 100-year flood plain elevation in accordance with the rules of City of Pearland, Harris County and Harris County Flood Control District. Existing developed properties were removed from the 100-year flood plain by either filling the site above the 100-year flood plain elevation and properly mitigating or by constructing the finished floor of the commercial structure above the 100-year flood plain. The District has not independently verified that existing developed properties are above the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. 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.

PARK AND RECREATIONAL FACILITIES

In 2017, the District updated its Lower Kirby Parks Master Plan, and in 2018 completed a design concept for the main detention pond and the north, central, and south detention facilities, based on the Plan.

In partnership with AMG, developer of the Ivy District, located at the southwest corner of South Spectrum Blvd. and the SH288 frontage road, the District constructed the Lower Kirby Park at Ivy District and a trail around two detention facilities extending to Clear Creek, which serves active and passive recreation needs of those who live, work, or visit within the District. The fully landscaped park includes a sloped terrace, stage, trellis, playground, and over-look deck areas. The trail connects to a pedestrian bridge over Clear Creek. The District constructed a trail along the north, central, main and south detention facilities in the District.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$713,410,910	(a)
Estimated Taxable Assessed Valuation as of September 1, 2026	$717,142,663	(b)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds)	$48,460,000	(c)
Estimated Overlapping Debt	40,680,694	(d)
Gross Direct Debt and Estimated Overlapping Debt	$89,140,694	(d)
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	6.79%	
Estimated Taxable Assessed Valuation as of September 1, 2026	6.76%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	12.50%	
Estimated Taxable Assessed Valuation as of September 1, 2026	12.43%	
Funds Available for Debt Service:		
Water, Sewer and Drainage and Park Debt Service Fund Balance as of October 21, 2026	$2,083,757	(e)
Road Debt Service Fund Balance as of October 21, 2026	1,164,279	(f)
Total Funds Available for Debt Service as of October 21, 2026	$3,248,036	
General Operating Fund Balance Available as of October 21, 2026	$2,156,898	
Capital Projects Fund Balance Available as of October 21, 2026	$3,638,754	(g)
Road Capital Projects Fund Balance Available as of October 21, 2026	$1,666,074	(h)
Master Drainage Fund Balance Available as of October 21, 2026	$1,990,462	(i)

(a) The Appraisal District has certified $692,370,152 of taxable value. In addition, $21,040,758 of value remains uncertified and is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Appraisal District. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable assessed value within the District on September 1, 2026. Increases in value that occur between January 1, 2026 and December 31, 2026 will be assessed for purposes of taxation on January 1, 2027. No tax will be levied on such amount until it is certified. See "TAX PROCEDURES."

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

(d) See "Estimated Overlapping Debt" herein.

(e) Funds in the Water, Sewer and Drainage and Park Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for water, sewer, drainage and recreational purposes, including the Series 2026 Bonds, and are not available to pay debt service on bonds issued by the District for road purposes, including the Series 2026 Road Bonds. See "THE BONDS—Funds."

(f) Funds in the Road Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for roads, including the Series 2026 Road Bonds, and are not available to pay debt service on bonds issued by the District for water, sewer, drainage and recreational purposes, including the Series 2026 Bonds. See "THE BONDS—Funds."

(g) A portion of such amounts will be used to fund projects financed by the Series 2026 Bonds and the remaining amounts are expected to be expended on current construction projects. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Bonds."

(h) A portion of such amounts will be used to fund projects financed by the Series 2026 Road Bonds and the remaining amounts are expected to be expended on current construction projects. See "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2026 Road Bonds."

(i) A portion of the funds in the Master Drainage Fund represent non-refundable fees paid by business owners in connection with the District's regional drainage plan. The District uses these funds to construct drainage projects in the Plan.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

Outstanding Debt

The District has previously issued six series of unlimited tax bonds for funding water, sanitary, sewer, and drainage facilities, two series of unlimited tax park bonds for funding recreational facilities, five series of unlimited tax bonds for funding construction of roads and two series of unlimited tax refunding bonds. The following table lists the original principal amount of such bonds by series and the current principal amount of such bonds that remain outstanding (the "Outstanding Bonds") as of the date hereof.

Series		Original Principal Amount	Outstanding Principal Amount
2017	(a)	$ 3,830,000	$ 3,380,000
2018		2,985,000	2,185,000
2019	(a)	3,000,000	1,925,000
2020		4,100,000	2,875,000
2020A	(b)	1,870,000	1,520,000
2020	(a)	1,880,000	1,530,000
2021		3,945,000	3,100,000
2021A	(c)	2,950,000	1,985,000
2021	(d)	3,870,000	1,600,000
2022	(a)	3,420,000	2,820,000
2023		6,220,000	5,470,000
2025		3,820,000	3,820,000
2025A	(b)	3,340,000	3,340,000
Total		$ 45,230,000	$ 35,550,000

(a) Unlimited tax road bonds.
(b) Unlimited tax park bonds.
(c) Unlimited tax refunding bonds.
(d) Unlimited tax road refunding bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds (see "Outstanding Debt" in this section) and the estimated debt service on the Bonds at an estimated interest rate of 5.50%.

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Series 2026 Bonds		Plus: Debt Service on the Series 2026 Road Bonds		Total Debt Service Requirements
		Principal	Interest	Principal	Interest	
2027	$ 3,475,237.50	$ -	$ 370,399.03	$ -	$ 130,580.69	$ 3,976,217.22
2028	3,421,862.50	150,000	524,975.00	50,000	185,075.00	4,331,912.50
2029	3,364,562.50	150,000	516,725.00	50,000	182,325.00	4,263,612.50
2030	3,083,687.50	150,000	508,475.00	50,000	179,575.00	3,971,737.50
2031	3,040,532.50	150,000	500,225.00	50,000	176,825.00	3,917,582.50
2032	2,990,750.00	150,000	491,975.00	50,000	174,075.00	3,856,800.00
2033	2,939,582.50	155,000	483,725.00	55,000	171,325.00	3,804,632.50
2034	2,867,092.50	170,000	475,200.00	60,000	168,300.00	3,740,592.50
2035	2,558,510.00	170,000	465,850.00	60,000	165,000.00	3,419,360.00
2036	2,502,332.50	360,000	456,500.00	125,000	161,700.00	3,605,532.50
2037	2,434,546.25	375,000	436,700.00	130,000	154,825.00	3,531,071.25
2038	2,366,541.25	390,000	416,075.00	140,000	147,675.00	3,460,291.25
2039	2,322,245.00	410,000	394,625.00	145,000	139,975.00	3,411,845.00
2040	2,301,336.25	430,000	372,075.00	150,000	132,000.00	3,385,411.25
2041	2,237,708.75	455,000	348,425.00	165,000	123,750.00	3,329,883.75
2042	2,168,688.75	475,000	323,400.00	165,000	114,675.00	3,246,763.75
2043	1,349,062.50	500,000	297,275.00	175,000	105,600.00	2,426,937.50
2044	901,568.75	520,000	269,775.00	185,000	95,975.00	1,972,318.75
2045	691,475.00	545,000	241,175.00	195,000	85,800.00	1,758,450.00
2046	363,200.00	575,000	211,200.00	200,000	75,075.00	1,424,475.00
2047	348,800.00	600,000	179,575.00	210,000	64,075.00	1,402,450.00
2048	334,400.00	625,000	146,575.00	220,000	52,525.00	1,378,500.00
2049	-	645,000	112,200.00	235,000	40,425.00	1,032,625.00
2050	-	685,000	76,725.00	250,000	27,500.00	1,039,225.00
2051	-	710,000	39,050.00	250,000	13,750.00	1,012,800.00
Total	$ 48,063,722.50	$ 9,545,000	$ 8,658,899.03	$ 3,365,000	$ 3,068,405.69	$ 72,701,027.22

Average Annual Debt Service Requirements (2027-2051) $2,908,041
Maximum Annual Debt Service Requirement (2028) $4,331,913

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County (a)	$ 2,952,415,112	9/30/2026	0.10%	$ 2,952,415
Harris County Flood Control District	1,001,580,000	9/30/2026	0.10%	1,001,580
Harris County Hospital District	1,644,825,000	9/30/2026	0.10%	1,644,825
Harris County Department of Education	28,960,000	9/30/2026	0.10%	28,960
Port of Houston Authority	386,074,397	9/30/2026	0.10%	386,074
Houston Independent School District	1,239,595,000	9/30/2026	0.30%	3,718,785
City of Pearland	719,885,000	9/30/2026	4.17%	30,019,205
Houston Community College System	371,540,000	9/30/2026	0.25%	928,850
Total Estimated Overlapping Debt				$ 40,680,694
The District	48,460,000 (b)		100.00%	48,460,000
Total Direct and Estimated Overlapping Debt				$ 89,140,694

Direct and Estimated Overlapping Debt as a Percentage of:
2026 Taxable Assessed Valuation of $713,410,910 ..... 12.50%
Estimated Taxable Assessed Valuation as of September 1, 2026 of $717,142,663 ..... 12.43%

(a) Excludes the Harris County Toll Road Unlimited Tax Bonds in the principal amount of $97,400,000. Historically, Harris County has provided for payment of such debt service from toll road revenues and certain other funds and, no ad valorem tax revenue has been required to pay debt service on such bonds.

(b) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

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

	Tax Rate per $100 of Taxable Assessed Valuation	
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority)……	$ 0.676267	
Houston Independent School District……..	0.842100	
City of Pearland……	0.627892	
Houston City College……..	0.988020	
Total Overlapping Tax Rate……..…	$ 3.134279	
The District……	0.70000	(a)
Total Tax Rate……..	$ 3.83428	

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

Sales and Use Tax

The District operates pursuant to Chapter 3840 of the Texas Special District Local Laws Code, which authorized the District to levy a sales and use tax if authorized at an election held for such purposes. The District's voters authorized such sales and use tax on May 10, 2008 at a rate not to exceed 0.5%. Proceeds from the annual collection of such sales tax are deposited into the general operating fund of the District. None of the sales and use tax revenue is pledged to the payment of the principal and interest on the Bonds. See "District Operations" herein.

District Operations

The following statement sets forth in condensed form the General Fund as derived from the District's audited financial statement for the fiscal years ending March 31, 2023 through March 31, 2026 and from the Bookkeeper for the six months ending September 30, 2026. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. This summary should be used in conjunction with the full audit attached hereto as "APPENDIX A" and should not be detached. A full review of the documents described herein is recommended.

	4/1/2026 to 9/30/2026 (a)	Fiscal Year Ended March 31			
		2026	2025	2024	2023
Revenues					
Property Taxes	$ 198,214	$ 1,454,019	$ 504,200	$ 527,035	$ 466,754
Miscellaneous	3,100	17,416	9,920	76,049	50,855
Sales Tax (b)	195,501	190,833	240,884	269,548	234,222
Investment Revenues	49,112	89,100	105,934	-	-
Total Revenues	$ 445,927	$ 1,751,368	$ 860,938	$ 872,632	$ 751,831
Expenditures					
Professional Fees	$ 241,314	$ 222,029	$ 191,390	$ 197,156	$ 175,257
Contracted Services	19,431	32,244	29,365	29,976	28,484
Other	5,180	161,716	14,235	26,934	20,529
Mowing and Maintenance	238,140	362,766	335,889	256,522	221,775
PMMD #2 Hwy 288 Payment	25,528	25,528	25,528	-	-
Bond Issuance Costs	-	38,187	25,350	-	-
Future Bond Issuance Costs	-	40,162	-	-	-
Insurance	6,574	6,497	6,134	-	-
Capital Outlay		2,375,534	2,530,446	-	-
Total Expenditures	$ 536,167	$ 3,264,663	$ 3,158,337	$ 510,588	$ 446,045
Revenues Over (Under) Expenditures	$ (90,240)	$ (1,513,295)	$ (2,297,399)	$ 362,044	$ 305,786
Other Funds					
Transfers In (Out) (c)	$ -	$ -	$ 7,000	$ (1,716)	$ 1,009
Developer Contributions (c)	-	1,158,390	3,679,412	-	-
Total Other Funds	$ -	$ 1,158,390	$ 3,686,412	$ (1,716)	$ 1,009
Fund Balance (Beginning of Year)	$ 2,647,639	$ 3,002,544	$ 1,613,531	$ 1,253,203	$ 946,408
Fund Balance (End of Year)	$ 2,557,399	$ 2,647,639	$ 3,002,544	$ 1,613,531	$ 1,253,203

(a) Unaudited. Provided by the Bookkeeper.
(b) See "Sales and Use Tax" herein.
(c) Represents advances from developers for certain District projects and transfer to the District's Water, Sewer and Drainage Capital Projects Fund.

TAX DATA

Debt Service Tax

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

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. A maintenance tax election was held on May 3, 2025, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $0.25 per $100 taxable assessed valuation. Voters of the District previously authorized the Board to levy a maintenance tax at a rate not to exceed $0.10 per $100 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.

Tax Exemptions

The District grants a $40,000 exemption to residential homesteads of persons who are 65 years of age or older or disabled and a twenty percent (20%) homestead exemption. In 2026, 2 residences qualified for the 65 and over/disabled exemption and 3 residents qualified for the 20% homestead exemption, for a total value reduction in 2026 of $255,967. Additionally, the District has taken official action to exempt all goods-in-transit personal property from taxation.

Additional Penalties

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

Historical Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.48 (a)	$ 0.45	$ 0.60	$ 0.60	$ 0.60
Maintenance and Operations	0.22	0.25	0.10	0.10	0.10
Total	$ 0.70	$ 0.70	$ 0.70	$ 0.70	$ 0.70

(a) Of such $0.48 debt service tax rate, $0.27 per $100 of taxable assessed valuation is allocated to pay debt service on bonds issued for water, wastewater, storm drainage and recreational facilities and $0.21 per $100 of taxable assessed valuation is allocated to pay debt service on bonds issued for road and improvements in aid thereof.

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" below.

Tax Year	Certified Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of September 30, 2026 (b) Amount	Percent
2021	$ 427,850,362	$ 0.70	$ 2,994,953	$ 2,994,953	100.00%
2022	470,018,664	0.70	3,290,131	3,290,105	100.00%
2023	525,281,622	0.70	3,676,971	3,676,867	100.00%
2024	511,650,794	0.70	3,581,556	3,580,724	99.98%
2025	654,943,476	0.70	4,584,604	4,529,085	98.79%
2026	713,410,910	0.70	4,993,876	(c)	(c)

(a) See "Tax Roll Information" below for gross appraised value and exemptions granted by the District.
(b) Unaudited.
(c) In process of collections. 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. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Breakdowns of the uncertified portion ($21,040,758) of the 2026 Taxable Assessed Valuation of $713,410,910 and the Estimated Taxable Assessed Valuation as of September 1, 2026 of $717,142,663, which is subject to property owner protest and Appraisal District review and downward revision prior to certification, is not available.

Tax Year	Type of Property			Gross Assessed Valuations	Deferments and Exemptions		Uncertified Value	Certified Taxable Assessed Valuations
	Land	Improvements	Personal Property					
2022	$ 109,997,652	$ 209,189,676	$ 267,268,973	$ 586,456,301	$ (116,437,637)		$ -	$ 470,018,664
2023	131,965,970	224,072,495	281,272,719	637,311,184	(112,029,562)		-	525,281,622
2024	138,170,390	347,294,930	307,616,576	793,081,896	(281,431,102)	(a)	-	511,650,794
2025	144,852,943	390,006,444	348,071,408	882,930,795	(227,987,319)	(a)	-	654,943,476
2026	145,654,178	419,865,797	207,981,398	773,501,373	(81,131,221)	(a)	21,040,758	713,410,910

(a) Includes medical and biochemical personal property exemptions. See "INVESTMENT CONSIDERATIONS—Dependence on Personal Property Tax Collections."

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable appraised value of such property, and such property's taxable assessed valuation as a percentage of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation of $713,410,910, which represents ownership as of January 1, 2026. Principal taxpayer lists related to the uncertified portion ($21,040,758) of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of September 1, 2026 of $717,142,663, which is subject to property owner protest and Appraisal District review and downward revision prior to certification, is not available.

Taxpayer (a)	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
MHI Compressor Manufacturing LLC (b)	$ 71,514,584	10.33%
Levey Group Fund 25 LLC	67,491,462	9.75%
Sueba Development 188 LP	66,580,860	9.62%
Zeller 401 ZFG TIC LLC ETAL	60,297,129	8.71%
Applied Optoelectronics Inc.	50,818,748	7.34%
Merit Medical Systems Inc.	42,109,996	6.08%
Dover Energy Inc.	32,434,546	4.68%
Endress Hauser Inc.	26,804,674	3.87%
Lower Kirby Development LLC	21,950,000	3.17%
DI Properties Inc.	18,633,580	2.69%
Total	$ 458,635,579	66.24%

(a) See "THE DISTRICT—Land Use and Status of Development" and "PRINCIPAL PROPERTY OWNERS."
(b) Freeport LNG Development LP represents $15,186,783 of personal property, located at MHI's facility.

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $713,410,910 ($692,370,152 certified and $21,040,758 uncertified) and the Estimated Taxable Assessed Valuation as of September 1, 2026 of $717,142,663. 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)	$2,908,041
$0.43 Tax Rate on the 2026 Taxable Assessed Valuation	$2,914,284
$0.43 Tax Rate on the Estimated Taxable Assessed Valuation as of September 1, 2026	$2,929,528
Maximum Annual Debt Service Requirement (2028)	$4,331,913
$0.64 Tax Rate on the 2026 Taxable Assessed Valuation	$4,337,538
$0.64 Tax Rate on the Estimated Taxable Assessed Valuation as of September 1, 2026	$4,360,227

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

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolutions to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the District may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. 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 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 County 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. Additionally, the Texas Tax Code provides an exemption for certain biomedical or medical tangible personal property, as further described in Section 11.36 of the Texas Tax Code. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous 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. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if

requested, of between $5,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, effective January 1, 2012, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. 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 twenty percent (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 governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. For the 2026 tax year, the District has adopted a 20% homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, 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 which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which 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 exempt taxation of all such goods-in-transit personal property for all subsequent years.

Tax Abatement

Harris County or the City of Pearland may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the City of Pearland 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. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads 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 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 for agricultural use, open space land and timberland.

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% 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. 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, which may be rejected by taxing units. 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 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 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.

Tax Payment Installments

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 tax payer 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a 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 Texas Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 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 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. For tax year 2026, the District is classified as a Developing District.

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 in the preceding section 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 six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Harris County, the City of Pearland, or any other political entity other than the District, will be secured by a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Dependence on Principal Taxpayers

There is a high concentration of ownership of taxable value within the District. Such concentration is not expected to change due to the industrial and commercial nature of the District. The ten principal taxpayers represent $458,635,579 or 66.24% of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation. See "THE DISTRICT—Land Use and Status of Development" and "TAX DATA—Principal Taxpayers." The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy a higher tax rate or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolutions, nor is it required by Texas law, to maintain any particular balance in its Water, Sewer and Drainage Debt Service Fund, its Road Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis 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.

Dependence on Personal Property Tax Collections

Approximately 30.04% ($207,981,398) of the certified portion ($692,370,152) of the 2026 Taxable Assessed Valuation is personal property. Most other special purpose districts in Texas are not dependent to such an extent on taxes levied on personal property, and collection of personal property taxes is less reliable than collection of taxes on real property. Additionally, a portion of the facilities within the District are medical or biomedical facilities, and certain medical or biomedical tangible personal property is exempt from ad valorem Taxation. See "TAXING PROCEDURES—Property Subject to Taxation by the District." See "TAX DATA—Tax Roll Information" and "TAXING PROCEDURES—Property Subject to Taxation by the Distrct—Freeport Goods and Goods-in-Transit Exemptions."

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Business inventories are portable, and could be removed from the District at any time. Personal property removed from the District after January 1 of any year is not subject to taxation by the District for that year.

Effective January 1, 2026, a person is entitled to an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. However, a lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer. However, the District may not be able to foreclose on personal property located outside the State of Texas, and locating and foreclosing on property held outside the District may be costly, inefficient and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20 year statute of limitations for real property. Personal property may not be seized and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitation periods is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See "TAXING PROCEDURES."

Heretofore, the District has been successful in collecting its ad valorem tax levies, including ad valorem taxes levied on personal property located in the District. However, no representation can be made by the District regarding future tax collections. See "TAX DATA—Historical Tax Collections."

Trade Disruptions and Increase in Costs of Building Materials

A majority of the development in the District includes warehouse distribution facilities, much of which are dependent on foreign trade, and over 30% of the District's tax base is comprised of personal property (see "Dependence on Personal Property Tax Collections" herein). As a result of ongoing trade disputes including tariffs and retaliatory tariffs, the volume of personal property within the District could be materially impacted. Further, trade disruptions based on the federal administration's unpredictable tariff policy (including the threatened imposition of tariffs) could increase the cost of materials for new construction in the District. Any material impacts to the volume of personal property and decreased levels of construction activity within the District could restrict the growth of property values or could adversely impact existing values. The District makes no representations regarding the effects that current or future economic or governmental circumstances may have on property values or construction activity within the District.

Specific Flood Type Risks

The District may be subject to the following flood risks:

River (or Fluvial) Flood: 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 overland. 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 floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee, reservoir or dam has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam, reservoir or levee also could potentially create a flooding condition in rivers, bayous, or man-made drainage systems (canals or channels) downstream.

Ponding (or Pluvial) Flood: 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.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District currently results from the current market value of industrial/manufacturing/commercial projects and vacant tracts of land. The market value of such properties is related to general economic conditions in Houston, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for industrial/manufacturing/commercial sites of this type can be significantly affected by factors such as interest rates, credit availability, construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of development funding have a direct impact on the construction activity. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 13 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or the nation could affect development in the District and restrain the growth or reduce the value of the District's property tax base.

Potential Effects of Oil Price Volatility on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for 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 and gas industry will have on property values in the District.

Extreme Weather Events

The greater Houston area, including the City of Pearland and 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 LJA, Inc. (the "Engineer"), the System serving the District did not sustain any material damage, there was no interruption of water and sewer service by the City of Pearland, and no homes or commercial improvements within the District reported to the District structural 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 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.

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 $713,410,910 ($692,370,152 of certified value and $21,040,758 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $4,331,913 (2028), and the average annual debt service requirement will be $2,908,041 (2027-2051 inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.64 and $0.43 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 requirement, respectively. The Estimated Taxable Assessed Valuation as of September 1, 2026 of $717,142,663, requires the same above tax calcs of $0.64 and $0.43 per $100 of taxable assessed valuation, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of September 1, 2026 will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES." While the District anticipates future increases in taxable values, it makes no representations that over the term of the Bonds, the property within the District will maintain a value sufficient to justify continued payment of taxes by property owners. Property within the District also is subject to taxes levied by other political subdivisions. See "TAX DATA—Tax Adequacy for Debt Service."

Role of Pearland in Development

Pursuant to agreements between the District and the City of Pearland, the City of Pearland serves as the developer with regard to portions of the utility and road construction within the District. The City of Pearland provides funding for such projects and the District has agreed to reimburse the City of Pearland from bond proceeds, when available. The inability of the City of Pearland to continue its development funding and activities could have a negative impact on the construction of future taxable improvements in the District. See "THE ROLE OF THE CITY OF PEARLAND" for more information regarding the agreements with the City of Pearland and the obligations of both the District and the City of Pearland.

Undeveloped Land and Vacant Tracts

The District includes approximately 212 acres of land that have not been fully provided with water, wastewater collection and treatment and storm drainage facilities and approximately 205 acres served with utilities but no vertical improvements. The District can give no assurances when and if this land will be developed, or if construction of improvements will occur on the commercial acreage. Failure of any developer to develop the developable land could restrict the rate of growth of taxable values in the District.

Landowner/Pearland Obligation to the District

There are no commitments from or obligations of any landowner, developer, or the City of Pearland to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds, the District will maintain its taxable value. See "Role of Pearland in Development" herein.

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies 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 Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do 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 Resolutions 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 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 (1) is 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.

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 $181,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities and refunding water, wastewater and storm drainage facility bonds, $84,090,000 principal amount of unlimited tax bonds for the purpose of constructing roads and refunding road bonds, $29,120,000 principal amount of unlimited tax bonds for the purpose of providing recreational facilities and refunding recreational bonds, and $26,395,000 principal amount of unlimited tax bonds for the purpose of funding economic development programs and refunding economic development bonds have been authorized by the District's voters. After the issuance of the Bonds, the District will have $146,385,000 principal amount of unlimited tax bonds authorized but unissued for acquiring or constructing water, wastewater and storm drainage facilities and refunding such bonds, $23,910,000 principal amount of unlimited tax bonds for the purpose of providing recreational facilities and refunding recreational bonds and $62,010,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of constructing roads and refunding such bonds. The TCEQ has approved the sale of $12,630,000 principal amount of bonds. The Series 2026 Bonds represent a portion of such TCEQ authorization. The District has not determined if or when the remaining amount approved by the TCEQ authorization will be issued. The full principal amount of the authorization for economic development remains unissued. Although the District has no plans to issue bonds for economic development purposes, the Texas Attorney General Office of Public Finance has informed the District it will not approve a bond issue for economic development purposes. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes in future elections. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

The District intends to issue additional bonds to continue constructing water, wastewater and drainage facilities, recreational facilities, and roads within the District and, in some circumstances, to reimburse the City of Pearland and various property owners for the construction of such facilities within the District's boundaries. After the issuance of the Bonds, the District will continue to owe reimbursement to the City of Pearland and various property owners. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds for water, wastewater and storm drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The issuance of bonds to finance recreational facilities or roads do not require TCEQ approval. In addition, additional bonds may be issued for purposes which do not result in 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 treated and 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 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 special purpose districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("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 special purpose district must comply may have an impact on the special purpose 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 special purpose 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 special purpose districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Marketability

The District has no understanding with the Underwriters 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.

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.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolutions 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."

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

Neither the District nor the Underwriters 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.

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.

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," "THE ROLE OF THE CITY OF PEARLAND—Agreements with the City of Pearland and other Political Subdivisions," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and 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 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. Certain legal matters will be passed upon for the District by McCall Parkhurst & Horton LLP, as disclosure counsel.

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

No Material Adverse Change

The obligations of the Underwriters 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 condition (financial or otherwise) of the District from that set forth or contemplated in the PRELIMINARY OFFICIAL STATEMENT as it may be amended or supplemental through the date of sale.

No-Litigation Certificate

The District will furnish the Underwriters a certificate, executed by both the President or Vice President and Secretary or Assistant 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 nonencumbrance 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 Resolutions that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolutions 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 Resolutions 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 Resolutions 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 will not be designated "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 MATTERS—Tax Exemption" and "TAX MATTERS—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 Underwriters have 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 inside 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.

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

Moody's Investors Service ("Moody's") has assigned an underlying rating of "Baa1" to the Bonds. An explanation of the rating may be obtained from Moody's. The rating fees of Moody's will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Underwriters.

Application has also been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriters and at the Underwriter's expense. The rating fees of Moody's will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Underwriters. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below 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.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by Equi-Tax, Inc. 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 water, wastewater, storm drainage and road facilities and, in particular that information included in the sections entitled "THE DISTRICT," "ROADS," and "THE SYSTEM," has been provided by LJA, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The District's audited financial statements for the fiscal year ended March 31, 2026, was prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. 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 "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—District Operations" has been provided by District Data Services, Inc., and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of special purpose 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 Underwriters, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriters elect to terminate their obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriters; provided, however, that the obligation of the District to the Underwriters to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriters, unless the Underwriters 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 Board has relied in part upon its examination of records of the District, and upon 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 Resolutions, 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 (UNAUDITED)," except for "Estimated Overlapping Debt," "TAX DATA," and in APPENDIX A (Auditor's Report and Financial Statements of the District and certain supplemental schedules). 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.

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other 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; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds and (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The term "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 Resolutions makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects; nor has the District 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 to 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 Underwriters 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 and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolutions 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 Underwriters 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 continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

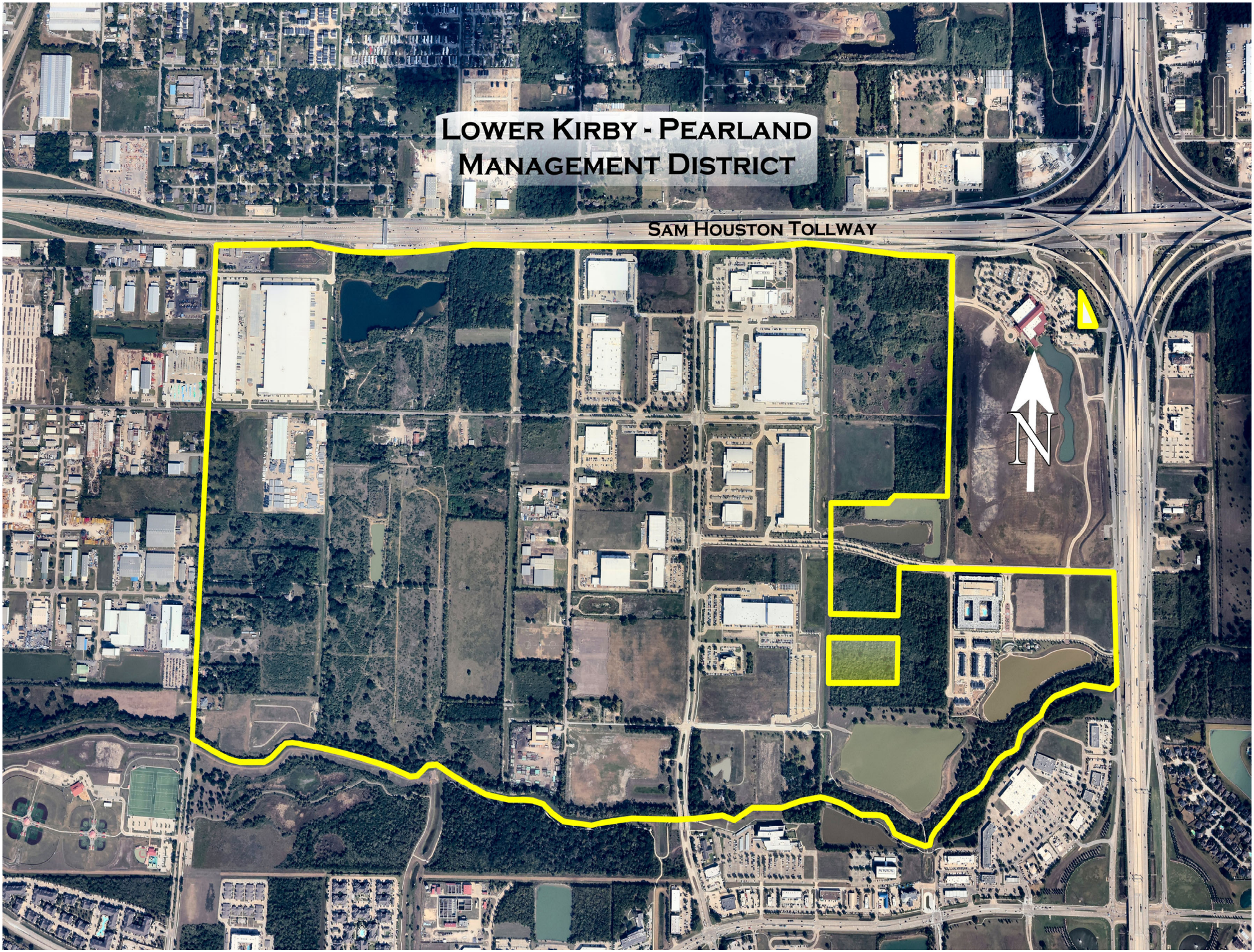
All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this OFFICIAL STATEMENT involving matters of opinion or estimates, whether or not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

/s/ _____
President, Board of Directors

ATTEST:

/s/ _____
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of November 2026)


Lower Kirby - Pearland
Management District
Sam Houston Tollway
N

PHOTOGRAPHS OF THE DISTRICT
(As of November 2026)


LOWER
KIRBY




MERITMEDICAL


Abbott


Millar
Millar


DOVER
COOK
BearingsPlus
WAUKESHA


1249


Lonza


PEARLAND
SURGERY
CENTER
15015








Forest Est
NO PARKING FIRE LANE



APPENDIX A

Financial Statement of the District for the fiscal year ended March 31, 2026

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	10-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	14
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	15-16
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	17
NOTES TO THE FINANCIAL STATEMENTS	18-33
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	35
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES (NOT APPLICABLE)	
GENERAL FUND EXPENDITURES	37
INVESTMENTS	38
TAXES LEVIED AND RECEIVABLE	39-40
LONG-TERM DEBT SERVICE REQUIREMENTS	41-54
CHANGE IN LONG-TERM BOND DEBT	55-57
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	58-61
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	62-63

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lower Kirby Pearland Management District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lower Kirby Pearland Management District (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 the District as of March 31, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
Lower Kirby Pearland Management District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

July 15, 2026

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED MARCH 31, 2026

Management's discussion and analysis of Lower Kirby Pearland Management District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended March 31, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $14,584,200 as of March 31, 2026. A portion of the District's net position reflects its net investment in capital assets (land and regional drainage improvements, less any debt used to acquire those assets that are still outstanding). The City of Pearland will own, operate and maintain any water, sewer, drainage or road improvements financed by the District, and those assets are recorded as capital assets in the Statement of Net Position of the District due to new accounting guidance, see Note 11.

The table on the following page presents a comparative analysis of government-wide changes in net position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 17,532,506	$ 21,543,775	$ (4,011,269)
Capital Assets (Net of Accumulated Depreciation)	46,681,427	40,416,107	6,265,320
Total Assets	$ 64,213,933	$ 61,959,882	$ 2,254,051
Deferred Outflows of Resources	$ 57,044	$ 68,910	(11,866)
Due to Developer	$ 12,523,596	$ 13,172,259	$ 648,663
Long -Term Liabilities	34,885,836	29,620,049	(5,265,787)
Other Liabilities	2,277,345	3,031,143	753,798
Total Liabilities	$ 49,686,777	$ 45,823,451	$ (3,863,326)
Net Position:			
Net Investment in Capital Assets	$ 6,626,258	$ 8,291,192	$ (1,664,934)
Restricted	5,061,881	4,890,401	171,480
Unrestricted	2,896,061	3,023,748	(127,687)
Total Net Position	$ 14,584,200	$ 16,205,341	$ (1,621,141)

The following table provides a summary of the District's operations for the years ended March 31, 2026, and March 31, 2025. The District's net position decreased by $1,621,141.

Summary of Changes in the Statement of Activities

	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 4,672,894	$ 3,587,927	$ 1,084,967
Sales and Use Taxes	190,833	240,884	(50,051)
Other Revenues	843,467	1,861,229	(1,017,762)
Total Revenues	$ 5,707,194	$ 5,690,040	$ 17,154
Expenses for Services	7,328,335	2,701,859	(4,626,476)
Change in Net Position	$ (1,621,141)	$ 2,988,181	$ (4,609,322)
Net Position, Beginning of Year	16,205,341	13,217,160	2,988,181
Net Position, End of Year	$ 14,584,200	$ 16,205,341	$ (1,621,141)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2026, were $16,466,127, a decrease of $3,815,517 from the prior year.

The General Fund fund balance decreased by $354,905, primarily due to operating expenditures and capital outlay exceeding property tax and sales tax revenues and developer contributions.

The Master Drainage Fund decreased by $87,775, primarily due to capital outlay exceeding investment revenues and developer contributions.

The Debt Service Fund balance decreased by $179,348, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund decreased by $3,193,489, primarily due to current year capital outlay paid from bond proceeds received in the current year and prior years exceeding investment revenues.

CAPITAL ASSETS

Capital assets as of March 31, 2026, total $46,681,427 (net of accumulated depreciation) and includes land, infrustructure transferred to the City of Pearland and drainage system. Additional information on the District's capital assets can be found in Note 6.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 8,122,426	$ 5,540,385	$ 2,582,041
Construction in Progress	4,675,286	9,933,664	(5,258,378)
Capital Assets, Net of Accumulated Depreciation:			
Infrastructure Transferred to City of Pearland	18,395,668	17,083,953	1,311,715
Drainage System	15,488,047	7,858,105	7,629,942
Total Net Capital Assets	$ 46,681,427	$ 40,416,107	$ 6,265,320

Water, sewer, and drainage facilities, as well as road facilities, have been conveyed to the City of Pearland, Texas (the "City"). The City operates and maintains these facilities for providing services to properties in the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts a budget for the General Fund. The budget was amended during the current year to budget for capital outlay. Actual revenues were $840,987 more than budgeted. Actual expenditures were $2,406,663 more than budgeted. Developer contributions were $1,158,390 more than budgeted which resulted in a negative variance of $407,286. See the budget to actual comparison for more information.

LONG-TERM DEBT ACTIVITY

As of March 31, 2026, the District had total bond debt payable of $36,700,000. The changes in the debt position of the District during the year ended March 31, 2026, are summarized as follows:

Bond Debt Payable, April 1, 2025	$ 31,385,000
Add: Bond Sales	7,160,000
Less: Bond Principal Paid	1,845,000
Bond Debt Payable, March 31, 2026	$ 36,700,000

District bonds issued as of March 31, 2026 that carry an underlying rating or an insured rating are the Series 2021 Unlimited Tax Bonds, Series 2021 Unlimited Tax Road Refunding Bonds, Series 2021A Unlimited Tax Refunding Bonds, Series 2022 Unlimited Tax Road Bonds, Series 2023 Unlimited Tax Bonds, Series 2025 Unlimited Tax Bonds and Series 2025A Unlimited Tax Park Bonds which carry an underlying rating of "Baa1" assigned by Moody's Investors Service (Moody's). The Series 2025 and Series 2025A Park bonds carry an insured rating of "AA" from S&P by virtue of bond insurance issued by Assured Guaranty.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED MARCH 31, 2026

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lower Kirby Pearland Management District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2026

	General Fund	Master Drainage Fund
ASSETS		
Cash	$ 91,215	$ 665
Investments	2,619,350	1,982,352
Receivables:		
Property Taxes	248,422	
Penalty and Interest on Delinquent Taxes		
Due from Other Funds	42,080	9,117
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 3,001,067	$ 1,992,134
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,001,067	$ 1,992,134

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 75,904	$ 103,961	$ 271,745	$	$ 271,745
4,624,984	7,269,295	16,495,981		16,495,981
451,189		699,611		699,611
			65,169	65,169
		51,197	(51,197)	
			8,122,426	8,122,426
			4,675,286	4,675,286
			33,883,715	33,883,715
$ 5,152,077	$ 7,373,256	$ 17,518,534	$ 46,695,399	$ 64,213,933
$ -0-	$ -0-	$ -0-	$ 57,044	$ 57,044
$ 5,152,077	$ 7,373,256	$ 17,518,534	$ 46,752,443	$ 64,270,977

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

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2026

	General Fund	Master Drainage Fund
LIABILITIES		
Accounts Payable	$ 105,006	$ 359
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		
Due to Taxpayers		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 105,006	$ 359
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 248,422	$ -0-
FUND BALANCES		
Restricted for Authorized Construction	$	$ 1,991,775
Restricted for Debt Service		
Unassigned	2,647,639	
TOTAL FUND BALANCES	$ 2,647,639	$ 1,991,775
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,001,067	$ 1,992,134
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 193,695	$ 299,060	$	$ 299,060
			110,745	110,745
			12,523,596	12,523,596
42,080	9,117	51,197	(51,197)	
2,540		2,540		2,540
			1,865,000	1,865,000
			34,885,836	34,885,836
$ 44,620	$ 202,812	$ 352,797	$ 49,333,980	$ 49,686,777
$ 451,188	$ -0-	$ 699,610	$ (699,610)	$ -0-
$	$ 7,170,444	$ 9,162,219	$ (9,162,219)	$
4,656,269		4,656,269	(4,656,269)	
		2,647,639	(2,647,639)	
$ 4,656,269	$ 7,170,444	$ 16,466,127	$ (16,466,127)	$ - 0 -
$ 5,152,077	$ 7,373,256	$ 17,518,534		
			$ 6,626,258	$ 6,626,258
			5,061,881	5,061,881
			2,896,061	2,896,061
			$ 14,584,200	$ 14,584,200

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

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2026

Total Fund Balances - Governmental Funds		$ 16,466,127
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		57,044
Land and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		46,681,427
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.		764,779
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (12,523,596)	
Accrued Interest Payable	(110,745)	
Bonds Payable Within One Year	(1,865,000)	
Bonds Payable After One Year	(34,885,836)	(49,385,177)
Total Net Position - Governmental Activities		$ 14,584,200

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

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2026

	General Fund	Master Drainage Fund
REVENUES		
Property Taxes	$ 1,454,019	$
Penalty and Interest		
Sales and Use Tax Revenues	190,833	
Investment Revenues	89,100	87,926
Miscellaneous Revenues	17,416	
TOTAL REVENUES	$ 1,751,368	$ 87,926
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 222,029	$
Contracted Services	32,244	
Developer Refund		
Mowing and Maintenance	362,766	
Depreciation		
PMMD #2 Hwy 288 Payment	25,528	
Future Bond Issuance Costs	38,187	
Bond Issuance Costs	40,162	
Insurance	6,497	
Other	161,716	359
Land Conveyed to City		
Developer Interest		
Capital Outlay	2,375,534	177,635
Debt Service:		
Bond Principal		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	$ 3,264,663	$ 177,994
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (1,513,295)	$ (90,068)
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	$	$
Bond Discount		
Bond Premium		
Developer Contributions	1,158,390	2,293
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,158,390	$ 2,293
NET CHANGE IN FUND BALANCES	$ (354,905)	$ (87,775)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2025	3,002,544	2,079,550
FUND BALANCES/NET POSITION - MARCH 31, 2026	$ 2,647,639	$ 1,991,775

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 2,667,691	$	$ 4,121,710	$ 551,184	$ 4,672,894
38,716		38,716	46,454	85,170
		190,833		190,833
172,917	390,251	740,194		740,194
		17,416	687	18,103
$ 2,879,324	$ 390,251	$ 5,108,869	$ 598,325	$ 5,707,194
$ 19,807	$ 1,820	$ 243,656		$ 243,656
48,440		80,684		80,684
		362,766		362,766
			928,202	928,202
		25,528		25,528
		38,187		38,187
	602,660	642,822		642,822
		6,497		6,497
7,536	1,224	170,835	17,592	188,427
			2,974,427	2,974,427
	712,715	712,715		712,715
	9,441,031	11,994,200	(11,994,200)	
1,845,000		1,845,000	(1,845,000)	
1,137,889		1,137,889	(13,465)	1,124,424
$ 3,058,672	$ 10,759,450	$ 17,260,779	$ (9,932,444)	$ 7,328,335
$ (179,348)	$ (10,369,199)	$ (12,151,910)	$ 10,530,769	$ (1,621,141)
$	$ 7,160,000	$ 7,160,000	$ (7,160,000)	$
	(71,716)	(71,716)	71,716	
	87,426	87,426	(87,426)	
		1,160,683	(1,160,683)	
$ -0-	$ 7,175,710	$ 8,336,393	$ (8,336,393)	$ -0-
$ (179,348)	$ (3,193,489)	$ (3,815,517)	$ 3,815,517	$
			(1,621,141)	(1,621,141)
4,835,617	10,363,933	20,281,644	(4,076,303)	16,205,341
$ 4,656,269	$ 7,170,444	$ 16,466,127	$ (1,881,927)	$ 14,584,200

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

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2026

Net Change in Fund Balances - Governmental Funds	$	(3,815,517)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		551,184
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		46,454
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(928,202)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		11,976,608
Governmental funds do not record costs paid for assets that are contributed to the City of Pearland for operations. However, in the Statement of Activities, the transfer of these assets is recorded as Conveyance of Capital Assets.		(2,974,427)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		1,845,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		13,465
Governmental funds report bond premiums and discounts as other financing sources or uses in the year received or paid. However, in the Statement of Net Position, bond premiums and discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(15,710)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(7,160,000)
Governmental funds report developer advances and contributions by other governmental units as other financing sources. However, in the Statement of Net Position, these items, net any amount paid to the developer or the City, are recorded as a liability.		(1,159,996)
Change in Net Position - Governmental Activities	$	(1,621,141)

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

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2026

NOTE 1. CREATION OF DISTRICT

Lower Kirby Pearland Management District, formerly known as Spectrum Management District (the "District") was created effective June 15, 2007 by the Texas Legislature under provisions of Senate Bill No. 1984, of the 80th Legislature (later codified as Chapter 3840, Special District Local Laws Code). Pursuant to the provisions of Chapter 3840, the District is empowered to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety, and the public welfare. The District was created under the authority of Article III, Section 52 and 52a and Article XVI, Section 59 of the Texas Constitution. The Board of Directors held its organizational meeting on July 31, 2007 and issued its first bonds on October 22, 2015.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

General Fund - To account for resources not accounted in another fund, property tax revenues, sales and use tax revenues, costs and general expenditures.

Master Drainage Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of master drainage facilities and related costs.

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

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

Basis of Accounting

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of March 31, 2026, the Debt Service Fund owed the General Fund $42,080 for maintenance taxes and the Capital Projects Fund owed the Master Drainage Fund $9,117 for its share of a pay estimate on a project that was split between the two funds in a previous fiscal year.

Capital Assets

Capital assets, which include land and drainage improvements, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Capital assets, including infrastructure assets, with a useful life of at least two years and a total cost of $5,000 are capitalized. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation.

Water, sewer, and drainage facilities, as well as road facilities, have been conveyed to the City of Pearland, Texas (the "City"). The City operates and maintains these facilities for providing services to properties in the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94. See Note 6 for additional information.

Budgeting

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2017 Road Bonds	Series 2018 Water, Sewer & Drainage Bonds	Series 2019 Road Bonds
Amount Outstanding – March 31, 2026	$ 3,430,000	$ 2,285,000	$ 2,025,000
Interest Rates	2.90% - 3.85%	3.10% - 4.00%	3.50% - 4.375%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2042	September 1, 2026/2042	September 1, 2026/2042
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2023*	September 1, 2024*

* Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District. The Series 2017 term bonds due on September 1 in each of the years 2033, 2035, 2037 and 2042 are subject to mandatory sinking fund redemption according to the schedule set forth in the official statement. The Series 2018 term bonds due on September 1 in each of the years 2037, and 2042 are subject to mandatory sinking fund redemption according to the schedule set forth in the official statement. The Series 2019 term bonds due on September 1 in each of the years 2033, 2035, 2037, 2039, and 2042 are subject to mandatory sinking fund redemption according to the schedule set forth in the official statement.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020 Water, Sewer & Drainage Bonds	Series 2020A Park Bonds	Series 2020 Road Bonds
Amount Outstanding – March 31, 2026	$ 3,050,000	$ 1,595,000	$ 1,605,000
Interest Rates	2.20% - 3.125%	3.00% - 4.00%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2042	September 1, 2026/2043	September 1, 2026/2043
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2025*	September 1, 2025*

	Series 2021 Water, Sewer & Drainage Bonds	Series 2021 Road Refunding Bonds	Series 2021A Water, Sewer & Drainage Refunding Bonds
Amount Outstanding – March 31, 2026	$ 3,275,000	$ 1,600,000	$ 1,985,000
Interest Rates	2.00% - 2.20%	3.00% - 4.00%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2043	March 1, 2027/2029	March 1, 2027/2034
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	March 1, 2027*	March 1, 2027*

* Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District. The Series 2020 Water, Sewer and Drainage term bonds due on September 1 in each of the years 2034, 2038, and 2042 are subject to mandatory sinking fund redemption according to the schedule set forth in the official statement. The Series 2020A Park term bonds due on September 1 in each of the years 2032, 2035, 2038, and 2043 are subject to mandatory sinking fund redemption according to the schedule set forth in the official statement. The Series 2020 Road term bonds due on September 1 in each of the years 2032, 2035, 2038, and 2043 are subject to mandatory sinking fund redemption according to the schedule set forth in the official statement. The Series 2021 Water, Sewer and Drainage term bonds due on September 1 in each of the years 2035, 2037, and 2043 are subject to mandatory sinking fund redemption according to the schedule set forth in the official statement.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2022 Road Bonds	Series 2023 Water, Sewer & Drainage Bonds	Series 2025 Water, Sewer & Drainage Bonds
Amount Outstanding – March 31, 2026	$ 2,970,000	$ 5,720,000	$ 3,820,000
Interest Rates	3.00% - 4.125%	4.00% - 4.625%	4.00% - 4.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2044	September 1, 2026/2045	September 1, 2027/2048
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2028*	September 1, 2029*	September 1, 2031*

	Series 2025A Park Bonds
Amount Outstanding – March 31, 2026	$ 3,340,000
Interest Rates	4.00% - 4.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2027/2048
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2031*

** Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District. The Series 2022 Road term bonds due on September 1 in each of the years 2034, 2036, 2038, 2040, 2042, and 2044 are subject to mandatory sinking fund redemption according to the schedule set forth in the official statement.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended March 31, 2026:

	April 1, 2025	Additions	Retirements	March 31, 2026
Bonds Payable	$ 31,385,000	$ 7,160,000	$ 1,845,000	$ 36,700,000
Unamortized Discounts	(280,715)	(71,716)	(16,591)	(335,840)
Unamortized Premiums	360,764	87,426	61,514	386,676
Bonds Payable	$ 31,465,049	$ 7,175,710	$ 1,889,923	$ 36,750,836

Amount Due Within One Year	$ 1,865,000
Amount Due After One Year	34,885,836
Total Long-Term Liabilities	$ 36,750,836

As of March 31, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 1,865,000	$ 1,311,737	$ 3,176,737
2028	2,215,000	1,241,912	3,456,912
2029	2,230,000	1,170,825	3,400,825
2030	1,755,000	1,098,061	2,853,061
2031	2,015,000	1,034,610	3,049,610
2032-2036	9,825,000	4,120,306	13,945,306
2037-2041	9,350,000	2,402,189	11,752,189
2042-2046	6,485,000	733,749	7,218,749
2047-2049	960,000	64,800	1,024,800
	$ 36,700,000	$ 13,178,189	$ 49,878,189

At an election held on May 10, 2008, voters of the District approved the authorization of water, sewer and drainage bonds and refunding bonds totaling $48,735,000.

At an election held on May 3, 2025, voters of the District approved the authorization of water, sewer and drainage bonds totaling $132,265,000 and roads bonds totaling $44,590,000.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of March 31, 2026, the District has authorized but unissued road bonds totaling $65,375,000; economic development bonds totaling $26,395,000; water, sewer and drainage bonds totaling $155,930,000; and recreational facilities bonds totaling $23,910,000.

NOTE 3. LONG-TERM DEBT (Continued)

In the current year, the District levied an ad valorem debt service tax of $0.45 per $100 of assessed valuation, which resulted in a tax levy of $3,041,044 on the adjusted taxable valuation of $675,787,400 for the 2025 tax year. The bond resolutions required the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for discussion of the maintenance tax.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th-year anniversary of each issue.

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $271,745 and the bank balance was $492,765. Of the bank balance, $391,039 was covered by federal depository insurance and the remainder was covered by

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

collateral held in the District's name by a third party. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2026, as listed below:

	Cash
GENERAL FUND	$ 91,215
MASTER DRAINAGE FUND	665
DEBT SERVICE FUND	75,904
CAPITAL PROJECTS FUND	103,961
TOTAL DEPOSITS	$ 271,745

Investments

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

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level 1 investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2026, the District's investments in Texas CLASS were rated AAAm by Standard and Poor's.

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

As of March 31, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities Less Than 1 year
GENERAL FUND		
Texas CLASS	$ 2,619,350	$ 2,619,350
MASTER DRAINAGE FUND		
Texas CLASS	1,982,352	1,982,352
DEBT SERVICE FUND		
Texas CLASS	4,624,984	4,624,984
CAPITAL PROJECTS FUND		
Texas CLASS	7,269,295	7,269,295
TOTAL INVESTMENTS	$ 16,495,981	$ 16,495,981

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets. All cash and investments of the Master Drainage Fund are restricted for the purchase of master drainage capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2026:

	April 1, 2025	Increases	Decreases	March 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 5,540,385	$ 2,582,041	$	$ 8,122,426
Construction in Progress	9,933,664	7,193,522	12,451,900	4,675,286
Total Capital Assets Not Being Depreciated	$ 15,474,049	$ 9,775,563	$ 12,451,900	$ 12,797,712
Capital Assets Subject to Depreciation				
Infrastructure Transferred to City of Pearland	$ 19,701,240	$ 1,763,911	$	$ 21,465,151
Drainage System	8,916,503	8,105,948		17,022,451
Total Capital Assets Cost Subject to Depreciation	$ 28,617,743	$ 9,869,859	$ - 0 -	$ 38,487,602
Less Accumulated Depreciation				
Infrastructure Transferred to City of Pearland	$ 2,617,287	$ 452,196	$	$ 3,069,483
Drainage System	1,058,398	476,006		1,534,404
Total Accumulated Depreciation	$ 3,675,685	$ 928,202	$ - 0 -	$ 4,603,887
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 24,942,058	$ 8,941,657	$ - 0 -	$ 33,883,715
Total Capital Assets, Net of Accumulated Depreciation	$ 40,416,107	$ 18,717,220	$ 12,451,900	$ 46,681,427

Water, sewer, and drainage facilities, as well as road facilities, have been conveyed to the City. The City operates and maintains these facilities for providing services to properties in the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

NOTE 7. MAINTENANCE TAX

On May 10, 2008, the voters of the District approved the levy and collection of an ad valorem tax for operation and maintenance purposes not to exceed $0.10 per $100 of assessed valuation of taxable property within the District. On May 3, 2025, the voters of the District approved the levy and collection of an ad valorem tax for operation and maintenance purposes not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. The ad valorem tax is to be used for administration, operation, and maintenance purposes and for programs to promote District purposes. Operation and maintenance tax funds are placed in the General Fund. During the year ended March 31, 2026, the District levied an ad valorem operation and maintenance tax of $0.25 per $100 of assessed valuation, resulting in a tax levy of $1,689,468 on the adjusted taxable valuation of $675,787,400 for the 2025 tax year.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, automobile liability, pollution liability and director's liability. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. SALES AND USE TAX REVENUES

On May 10, 2008, the voters of the District authorized the District's Board of Directors to levy and collect a sales and use tax not to exceed 0.5 percent within the District, in accordance with Subchapter E, Chapter 3840, Texas Special District Local Laws Code. The District adopted an order levying the sales and use tax on May 16, 2008. The District may use this tax for the funding of all of its programs, functions and services. The District collected $190,833 from the levy of the sales and use tax for the fiscal year ended March 31, 2026.

NOTE 10. UNREIMBURSED COSTS

The District has executed various development financing agreements with Developers within the District. The agreements call for the Developers to fund costs associated with the Master Drainage Plan, Regional Detention Facilities, Roadway, and Utility Improvements. The agreements allow up to 70% of the costs to be reimbursed from future bond proceeds. Current year transactions regarding due to developer are summarized in the following table:

	April 1, 2025	Additions	Reimbursement	March 31, 2026
Due to Developer	$ 13,172,259	$ 1,159,995	$ 1,808,658	$ 12,523,596

NOTE 11. AGREEMENTS WITH THE CITY OF PEARLAND, TEXAS AND PEARLAND MUNCIPAL MANAGEMENT DISTRICT NO. 1

On March 10, 2014, the District entered into an interlocal agreement with the City providing for the District to engage the City to perform administration, plan review, collection of the plan review fees, and acquisition of right of way for the Master Drainage Plan (the "Plan"). The City collects and retains the plan review fees to cover its cost of these services. The City reviews drainage plans and specifications for the Plan to ensure compliance with the District's standards and regulations. The City shall acquire any right of way needed to implement the Plan, with such costs to be reimbursed to the City by the District pursuant to the financing agreement between the City and District. The agreement is for one year from the effective date and then automatically renews each succeeding year. The agreement can be cancelled at any time by either party with 30 days written notice.

On March 10, 2014, the District entered into a Financing Agreement with the City providing for financing and construction of facilities to serve land within the District. Pursuant to the Financing Agreement, the District has entered into letter financing agreements with the City for the financing of various water, sewer, drainage, detention, road and recreational facilities. The City will be reimbursed for funds advanced on behalf of the District in the same manner as developers. The Financing Agreement terminates on the earlier of 40 years or when the transactions contemplated therein have been consummated.

On February 6, 2014, the District and Pearland Municipal Management District No. 1 ("PMD 1") entered into a Cost Sharing and Implementation Agreement for Master Drainage Plan, whereby the two districts share the cost of the regional drainage plan. To date, all drainage construction projects, except for the purchase of the regional detention pond from the City, have been for the benefit of the District only.

On December 15, 2016, the District and PMD 1 entered into a Cost Sharing Agreement for South Spectrum Boulevard, whereby the two districts will share in the cost of the South Spectrum Boulevard improvements. PMD 1 will pay all costs of Segment A and the District will pay all costs related to Segment B and C. The District has paid $2,171,022 as of March 31, 2026.

NOTE 12. TAX BOND SALES

On December 17, 2025, the District closed on its $3,820,000 Series 2025 Unlimited Tax Bonds with interest rates of 4.00% - 4.73%. Proceeds of the sale were used to reimburse impact fees paid by America Modern Green Development (Houston), LLC, Lonza Houston, Inc., and Lower Kirby Development, LLC; to pay land acquisition costs related to East Conveyance Pond and West Detention Pond Two; and to pay administrative costs and certain other costs related to the issuance of the bonds.

On December 17, 2025, the District closed on its $3,340,000 Series 2025A Unlimited Tax Park Bonds with interest rates of 4.00% - 4.50%. Proceeds of the sale were used to reimburse a developer and the City for construction and engineering costs related to Lower Kirby Park at Ivy District; and to pay administrative costs and certain other costs related to the issuance of the bonds.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2026

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2026

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 534,060	$ 534,060	$ 1,454,019	$ 919,959
Sales and Use Tax Revenues	250,000	250,000	190,833	(59,167)
Investment Revenues	100,000	100,000	89,100	(10,900)
Miscellaneous Revenues	26,321	26,321	17,416	(8,905)
TOTAL REVENUES	$ 910,381	$ 910,381	$ 1,751,368	$ 840,987
EXPENDITURES				
Service Operations:				
Professional Fees	$ 224,000	$ 224,000	$ 222,029	$ 1,971
Contracted Services	30,000	30,000	32,244	(2,244)
Other	30,000	30,000	246,562	(216,562)
PMMD #2 Hwy 288 Payment	26,000	26,000	25,528	472
Mowing and Maintenance	388,000	388,000	362,766	25,234
Capital Outlay		160,000	2,375,534	(2,215,534)
TOTAL EXPENDITURES	$ 698,000	$ 858,000	$ 3,264,663	$ (2,406,663)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 212,381	$ 52,381	$ (1,513,295)	$ (1,565,676)
OTHER FINANCING SOURCES				
Developer Contributions	$ - 0 -	$ - 0 -	$ 1,158,390	$ 1,158,390
NET CHANGE IN FUND BALANCE	$ 212,381	$ 52,381	$ (354,905)	$ (407,286)
FUND BALANCE - APRIL 1, 2025	3,002,544	3,002,544	3,002,544	
FUND BALANCE - MARCH 31, 2026	$ 3,214,925	$ 3,054,925	$ 2,647,639	$ (407,286)

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2026

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2026

PROFESSIONAL FEES:		
Auditing	$	17,750
Engineering		45,417
Legal		158,862
TOTAL PROFESSIONAL FEES	$	222,029
TOTAL CONTRACTED SERVICES	$	32,244
REPAIRS AND MAINTENANCE	$	362,766
ADMINISTRATIVE EXPENDITURES:		
Insurance	$	6,497
Other		12,899
TOTAL ADMINISTRATIVE EXPENDITURES	$	19,396
CAPITAL OUTLAY	$	2,375,534
OTHER EXPENDITURES:		
PMMD #2 Hwy 288 Payment	$	25,528
Future Bond Issuance Costs		38,187
Bond Issuance Costs		40,162
Developer Refund		148,817
TOTAL OTHER EXPENDITURES	$	252,694
TOTAL EXPENDITURES	$	3,264,663

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
INVESTMENTS
MARCH 31, 2026

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
GENERAL FUND				
Texas CLASS	XXXX0001	Varies	Daily	$ 2,619,350
MASTER DRAINAGE FUND				
Texas CLASS	XXXX0002	Varies	Daily	$ 1,957,558
Texas CLASS	XXXX0018	Varies	Daily	24,794
TOTAL MASTER DRAINAGE FUND				$ 1,982,352
DEBT SERVICE FUND				
Texas CLASS	XXXX0003	Varies	Daily	$ 1,595,433
Texas CLASS	XXXX0004	Varies	Daily	3,029,551
TOTAL DEBT SERVICE FUND				$ 4,624,984
CAPITAL PROJECTS FUND				
Texas CLASS	XXXX0005	Varies	Daily	$ 1,539,299
Texas CLASS	XXXX0013	Varies	Daily	2,155,148
Texas CLASS	XXXX0017	Varies	Daily	3,273,818
Texas CLASS	XXXX0019	Varies	Daily	108,171
Texas CLASS	XXXX0020	Varies	Daily	192,859
TOTAL CAPITAL PROJECTS FUND				$ 7,269,295
TOTAL - ALL FUNDS				$ 16,495,981

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - APRIL 1, 2025	$ 21,204		$ 127,222	
Adjustments to Beginning Balance	(8,231)	$ 12,973	(49,386)	$ 77,836
Original 2025 Tax Levy	$ 1,688,590		$ 3,039,462	
Adjustment to 2025 Tax Levy	878	1,689,468	1,582	3,041,044
TOTAL TO BE ACCOUNTED FOR		$ 1,702,441		$ 3,118,880
TAX COLLECTIONS:				
Prior Years	$ 12,014		$ 72,081	
Current Year	1,442,005	1,454,019	2,595,610	2,667,691
TAXES RECEIVABLE - MARCH 31, 2026		$ 248,422		$ 451,189
TAXES RECEIVABLE BY YEAR:				
2025		$ 247,463		$ 445,433
2024		328		1,967
2023		224		1,343
2022		183		1,097
2021 and prior		224		1,349
TOTAL		$ 248,422		$ 451,189

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land, Improvements, Personal Property and Exemptions	$ 675,787,400	$ 526,552,111	$ 535,020,279	$ 475,139,228
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.45	$ 0.60	$ 0.60	$ 0.60
Maintenance	0.25	0.10	0.10	0.10
TAX RATE PER $100 VALUATION:	$ 0.70	$ 0.70	$ 0.70	$ 0.70
ADJUSTED TAX LEVY*	$ 4,730,512	$ 3,685,865	$ 3,745,143	$ 3,325,976
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	85.35 %	99.94 %	99.96 %	99.96 %

* Based upon adjusted tax levy at time of audit for the period in which the tax was levied.

Maintenance tax – Maximum tax rate in an amount not to exceed $0.25 per $100 assessed valuation approved by voters on May 3, 2025.

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2017 ROAD BONDS		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 50,000	$ 124,498	$ 174,498
2028	50,000	123,022	173,022
2029	50,000	121,485	171,485
2030	50,000	119,872	169,872
2031	220,000	115,308	335,308
2032	220,000	107,718	327,718
2033	220,000	100,018	320,018
2034	220,000	92,317	312,317
2035	220,000	84,508	304,508
2036	265,000	75,777	340,777
2037	265,000	66,105	331,105
2038	265,000	56,300	321,300
2039	265,000	46,296	311,296
2040	265,000	36,093	301,093
2041	265,000	25,891	290,891
2042	270,000	15,592	285,592
2043	270,000	5,198	275,198
2044			
2045			
2046			
2047			
2048			
2049			
	$ 3,430,000	$ 1,315,998	$ 4,745,998

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2018 WATER, SEWER & DRAINAGE BONDS		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 100,000	$ 83,153	$ 183,153
2028	100,000	80,002	180,002
2029	100,000	76,753	176,753
2030	100,000	73,402	173,402
2031	145,000	69,165	214,165
2032	145,000	64,018	209,018
2033	145,000	58,761	203,761
2034	145,000	53,433	198,433
2035	145,000	48,031	193,031
2036	145,000	42,593	187,593
2037	145,000	37,157	182,157
2038	145,000	31,719	176,719
2039	145,000	26,100	171,100
2040	145,000	20,300	165,300
2041	145,000	14,500	159,500
2042	145,000	8,700	153,700
2043	145,000	2,900	147,900
2044			
2045			
2046			
2047			
2048			
2049			
	$ 2,285,000	$ 790,687	$ 3,075,687

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2019 ROAD BONDS		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 100,000	$ 80,344	$ 180,344
2028	100,000	76,781	176,781
2029	100,000	73,093	173,093
2030	100,000	69,281	169,281
2031	125,000	64,844	189,844
2032	125,000	59,844	184,844
2033	125,000	54,844	179,844
2034	125,000	49,844	174,844
2035	125,000	44,844	169,844
2036	125,000	39,844	164,844
2037	125,000	34,766	159,766
2038	125,000	29,610	154,610
2039	125,000	24,374	149,374
2040	125,000	19,062	144,062
2041	125,000	13,672	138,672
2042	125,000	8,203	133,203
2043	125,000	2,734	127,734
2044			
2045			
2046			
2047			
2048			
2049			
	$ 2,025,000	$ 745,984	$ 2,770,984

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2020 WATER, SEWER & DRAINAGE BONDS		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 175,000	$ 85,294	$ 260,294
2028	175,000	81,356	256,356
2029	175,000	77,244	252,244
2030	175,000	72,956	247,956
2031	175,000	68,494	243,494
2032	175,000	63,812	238,812
2033	175,000	58,781	233,781
2034	175,000	53,531	228,531
2035	175,000	48,281	223,281
2036	175,000	43,031	218,031
2037	175,000	37,781	212,781
2038	175,000	32,422	207,422
2039	175,000	26,953	201,953
2040	175,000	21,484	196,484
2041	200,000	15,625	215,625
2042	200,000	9,375	209,375
2043	200,000	3,125	203,125
2044			
2045			
2046			
2047			
2048			
2049			
	$ 3,050,000	$ 799,545	$ 3,849,545

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2020A PARK BONDS		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 75,000	$ 54,368	$ 129,368
2028	75,000	52,119	127,119
2029	75,000	49,869	124,869
2030	75,000	47,618	122,618
2031	85,000	45,219	130,219
2032	85,000	42,669	127,669
2033	85,000	40,118	125,118
2034	90,000	37,325	127,325
2035	90,000	34,287	124,287
2036	90,000	31,250	121,250
2037	95,000	28,010	123,010
2038	95,000	24,566	119,566
2039	95,000	21,122	116,122
2040	95,000	17,500	112,500
2041	95,000	13,700	108,700
2042	95,000	9,900	104,900
2043	100,000	6,000	106,000
2044	100,000	2,000	102,000
2045			
2046			
2047			
2048			
2049			
	$ 1,595,000	$ 557,640	$ 2,152,640

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2020 ROAD BONDS		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 75,000	$ 54,768	$ 129,768
2028	75,000	52,519	127,519
2029	75,000	50,268	125,268
2030	75,000	48,019	123,019
2031	85,000	45,618	130,618
2032	85,000	43,069	128,069
2033	85,000	40,519	125,519
2034	90,000	37,725	127,725
2035	90,000	34,688	124,688
2036	90,000	31,650	121,650
2037	95,000	28,410	123,410
2038	95,000	24,966	119,966
2039	95,000	21,522	116,522
2040	95,000	17,900	112,900
2041	100,000	14,000	114,000
2042	100,000	10,000	110,000
2043	100,000	6,000	106,000
2044	100,000	2,000	102,000
2045			
2046			
2047			
2048			
2049			
	$ 1,605,000	$ 563,641	$ 2,168,641

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2021 WATER, SEWER & DRAINAGE BONDS		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 175,000	$ 65,750	$ 240,750
2028	175,000	62,250	237,250
2029	175,000	58,750	233,750
2030	175,000	55,250	230,250
2031	175,000	51,750	226,750
2032	175,000	48,250	223,250
2033	175,000	44,750	219,750
2034	175,000	41,250	216,250
2035	175,000	37,750	212,750
2036	175,000	34,250	209,250
2037	175,000	30,750	205,750
2038	175,000	27,250	202,250
2039	175,000	23,750	198,750
2040	200,000	19,800	219,800
2041	200,000	15,400	215,400
2042	200,000	11,000	211,000
2043	200,000	6,600	206,600
2044	200,000	2,200	202,200
2045			
2046			
2047			
2048			
2049			
	$ 3,275,000	$ 636,750	$ 3,911,750

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2021 ROAD REFUNDING BONDS		
	Principal Due March 1	Interest Due September 1/ March 1	Total
2027	$ 515,000	$ 53,150	$ 568,150
2028	535,000	32,550	567,550
2029	550,000	16,500	566,500
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 1,600,000	$ 102,200	$ 1,702,200

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2021A WATER, SEWER & DRAINAGE REFUNDING BONDS		
Due During Fiscal Years Ending March 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2027	$ 200,000	$ 61,550	$ 261,550
2028	200,000	53,550	253,550
2029	200,000	47,550	247,550
2030	275,000	41,550	316,550
2031	275,000	33,300	308,300
2032	275,000	25,050	300,050
2033	280,000	16,800	296,800
2034	280,000	8,400	288,400
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 1,985,000	$ 287,750	$ 2,272,750

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2022 ROAD BONDS		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 150,000	$ 113,987	$ 263,987
2028	150,000	109,488	259,488
2029	150,000	104,237	254,237
2030	150,000	98,238	248,238
2031	150,000	92,237	242,237
2032	150,000	86,238	236,238
2033	150,000	80,237	230,237
2034	150,000	74,238	224,238
2035	150,000	68,237	218,237
2036	150,000	62,238	212,238
2037	150,000	56,237	206,237
2038	150,000	50,238	200,238
2039	150,000	44,237	194,237
2040	150,000	38,238	188,238
2041	170,000	31,837	201,837
2042	175,000	24,938	199,938
2043	175,000	17,938	192,938
2044	175,000	10,828	185,828
2045	175,000	3,609	178,609
2046			
2047			
2048			
2049			
	$ 2,970,000	$ 1,167,475	$ 4,137,475

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2023 WATER, SEWER & DRAINAGE BONDS		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 250,000	$ 238,050	$ 488,050
2028	250,000	228,050	478,050
2029	250,000	218,050	468,050
2030	250,000	208,050	458,050
2031	250,000	198,050	448,050
2032	275,000	187,550	462,550
2033	295,000	176,150	471,150
2034	300,000	164,250	464,250
2035	300,000	152,250	452,250
2036	300,000	140,063	440,063
2037	300,000	127,500	427,500
2038	300,000	114,750	414,750
2039	300,000	101,813	401,813
2040	300,000	88,687	388,687
2041	300,000	75,374	375,374
2042	300,000	61,875	361,875
2043	300,000	48,376	348,376
2044	300,000	34,687	334,687
2045	300,000	20,812	320,812
2046	300,000	6,938	306,938
2047			
2048			
2049			
	$ 5,720,000	$ 2,591,325	$ 8,311,325

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	SERIES-2025 WATER, SEWER & DRAINAGE BONDS		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$	$ 158,350	$ 158,350
2028	175,000	154,850	329,850
2029	175,000	147,850	322,850
2030	175,000	140,850	315,850
2031	175,000	133,850	308,850
2032	175,000	126,850	301,850
2033	175,000	119,850	294,850
2034	175,000	112,850	287,850
2035	175,000	105,850	280,850
2036	175,000	98,850	273,850
2037	175,000	91,850	266,850
2038	175,000	84,850	259,850
2039	175,000	77,850	252,850
2040	175,000	70,850	245,850
2041	175,000	63,741	238,741
2042	175,000	56,521	231,521
2043	175,000	49,193	224,193
2044	170,000	41,757	211,757
2045	170,000	34,319	204,319
2046	170,000	26,775	196,775
2047	170,000	19,125	189,125
2048	170,000	11,475	181,475
2049	170,000	3,825	173,825
	$ 3,820,000	$ 1,932,131	$ 5,752,131

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2025A PARK BONDS		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$	$ 138,475	$ 138,475
2028	155,000	135,375	290,375
2029	155,000	129,176	284,176
2030	155,000	122,975	277,975
2031	155,000	116,775	271,775
2032	155,000	110,576	265,576
2033	155,000	104,375	259,375
2034	155,000	98,175	253,175
2035	155,000	91,975	246,975
2036	150,000	85,874	235,874
2037	150,000	79,875	229,875
2038	150,000	73,875	223,875
2039	150,000	67,875	217,875
2040	150,000	61,875	211,875
2041	150,000	55,781	205,781
2042	150,000	49,594	199,594
2043	150,000	43,312	193,312
2044	150,000	36,844	186,844
2045	150,000	30,281	180,281
2046	150,000	23,625	173,625
2047	150,000	16,875	166,875
2048	150,000	10,125	160,125
2049	150,000	3,375	153,375
	$ 3,340,000	$ 1,687,063	$ 5,027,063

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

Due During Fiscal Years Ending March 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 1,865,000	$ 1,311,737	$ 3,176,737
2028	2,215,000	1,241,912	3,456,912
2029	2,230,000	1,170,825	3,400,825
2030	1,755,000	1,098,061	2,853,061
2031	2,015,000	1,034,610	3,049,610
2032	2,040,000	965,644	3,005,644
2033	2,065,000	895,203	2,960,203
2034	2,080,000	823,338	2,903,338
2035	1,800,000	750,701	2,550,701
2036	1,840,000	685,420	2,525,420
2037	1,850,000	618,441	2,468,441
2038	1,850,000	550,546	2,400,546
2039	1,850,000	481,892	2,331,892
2040	1,875,000	411,789	2,286,789
2041	1,925,000	339,521	2,264,521
2042	1,935,000	265,698	2,200,698
2043	1,940,000	191,376	2,131,376
2044	1,195,000	130,316	1,325,316
2045	795,000	89,021	884,021
2046	620,000	57,338	677,338
2047	320,000	36,000	356,000
2048	320,000	21,600	341,600
2049	320,000	7,200	327,200
	$ 36,700,000	$ 13,178,189	$ 49,878,189

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2026

Description	Original Bonds Issued	Bonds Outstanding April 1, 2025
Lower Kirby Pearland Management District Unlimited Tax Road Bonds - Series 2017	$ 3,830,000	$ 3,480,000
Lower Kirby Pearland Management District Unlimited Tax Bonds - Series 2018	2,985,000	2,385,000
Lower Kirby Pearland Management District Unlimited Tax Road Bonds - Series 2019	3,000,000	2,125,000
Lower Kirby Pearland Management District Unlimited Tax Bonds - Series 2020	4,100,000	3,225,000
Lower Kirby Pearland Management District Unlimited Tax Park Bonds - Series 2020A	1,870,000	1,670,000
Lower Kirby Pearland Management District Unlimited Tax Road Bonds - Series 2020	1,880,000	1,680,000
Lower Kirby Pearland Management District Unlimited Tax Bonds - Series 2021	3,945,000	3,450,000
Lower Kirby Pearland Management District Unlimited Tax Road Refunding Bonds - Series 2021	3,870,000	2,100,000
Lower Kirby Pearland Management District Unlimited Tax Refunding Bonds - Series 2021A	2,950,000	2,180,000
Lower Kirby Pearland Management District Unlimited Tax Road Bonds - Series 2022	3,420,000	3,120,000
Lower Kirby Pearland Management District Unlimited Tax Bonds - Series 2023	6,220,000	5,970,000
Lower Kirby Pearland Management District Unlimited Tax Bonds - Series 2025	3,820,000	
Lower Kirby Pearland Management District Unlimited Tax Parks Bonds - Series 2025	3,340,000	
TOTAL	$ 45,230,000	$ 31,385,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	March 31, 2026	Paying Agent
$	$ 50,000	$ 125,910	$ 3,430,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	100,000	86,202	2,285,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	100,000	83,781	2,025,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	175,000	89,056	3,050,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	75,000	56,619	1,595,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	75,000	57,019	1,605,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	175,000	69,250	3,275,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	500,000	73,150	1,600,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	195,000	69,350	1,985,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	150,000	118,488	2,970,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
	250,000	248,050	5,720,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
3,820,000		32,550	3,820,000	The Bank of New York Mellon Trust Company N.A. Houston, TX
3,340,000		28,464	3,340,000	The Bank of New York Mellon Trust Company N.A. Houston, TX
$ 7,160,000	$ 1,845,000	$ 1,137,889	$ 36,700,000	

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2026

Bond Authority:	Water, Sewer & Drainage Bonds	Road Bonds	Recreational Facility Bonds	Economic Development Bonds
Amount Authorized by Voters	$ 181,000,000	$ 84,090,000	$ 29,120,000	$ 26,395,000
Amount Issued	25,070,000	18,715,000	5,210,000	
Remaining to be Issued	$ 155,930,000	$ 65,375,000	$ 23,910,000	$ 26,395,000

Debt Service Fund cash, investments and cash with paying agent balances as of March 31, 2026:	$ 4,700,888
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,168,617

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 1,454,019	$ 504,200	$ 527,035
Sales and Use Tax Revenues	190,833	240,884	269,548
Miscellaneous and Investment Revenues	106,516	115,854	76,049
TOTAL REVENUES	$ 1,751,368	$ 860,938	$ 872,632
EXPENDITURES			
Professional Fees	$ 222,029	$ 191,390	$ 197,156
Contracted Services	32,244	29,365	29,976
Other	272,090	71,247	26,934
Mowing and Maintenance	362,766	335,889	256,522
Capital Outlay	2,375,534	2,530,446	
TOTAL EXPENDITURES	$ 3,264,663	$ 3,158,337	$ 510,588
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (1,513,295)	$ (2,297,399)	$ 362,044
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$	$ 7,000	$ (1,716)
Developer Contributions	1,158,390	3,679,412	
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,158,390	$ 3,686,412	$ (1,716)
NET CHANGE IN FUND BALANCE	$ (354,905)	$ 1,389,013	$ 360,328
BEGINNING FUND BALANCE	3,002,544	1,613,531	1,253,203
ENDING FUND BALANCE	$ 2,647,639	$ 3,002,544	$ 1,613,531

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 466,754	$ 430,761	83.0 %	58.5 %	60.4 %	62.0 %	69.9 %
234,222	174,868	10.9	28.0	30.9	31.2	28.4
50,855	10,498	6.1	13.5	8.7	6.8	1.7
$ 751,831	$ 616,127	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 175,257	$ 142,066	12.7 %	22.2 %	22.6 %	23.3 %	23.1 %
28,484	49,663	1.8	3.4	3.4	3.8	8.1
20,529	26,641	15.5	8.3	3.1	2.7	4.3
221,775	323,347	20.7	39.0	29.4	29.5	52.5
		135.6	293.9			
$ 446,045	$ 541,717	186.3 %	366.8 %	58.5 %	59.3 %	88.0 %
$ 305,786	$ 74,410	(86.3) %	(266.8) %	41.5 %	40.7 %	12.0 %
$ 1,009	$ - 0 -					
$ 1,009	$ - 0 -					
$ 306,795	$ 74,410					
946,408	871,998					
$ 1,253,203	$ 946,408					

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 2,667,691	$ 3,025,197	$ 3,162,211
Penalty and Interest	38,716	20,240	5,343
Miscellaneous and Investment Revenues	172,917	202,401	196,799
TOTAL REVENUES	$ 2,879,324	$ 3,247,838	$ 3,364,353
EXPENDITURES			
Tax Collection Expenditures	$ 67,683	$ 41,744	$ 42,032
Debt Service Principal	1,845,000	1,825,000	1,550,000
Debt Service Interest and Fees	1,145,989	1,147,225	1,162,909
Bond Issuance Costs			
TOTAL EXPENDITURES	$ 3,058,672	$ 3,013,969	$ 2,754,941
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (179,348)	$ 233,869	$ 609,412
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$	$	$
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ (179,348)	$ 233,869	$ 609,412
BEGINNING FUND BALANCE	4,835,617	4,601,748	3,992,336
ENDING FUND BALANCE	$ 4,656,269	$ 4,835,617	$ 4,601,748

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 2,800,522	$ 2,584,568	92.7 %	93.2 %	94.0 %	96.8 %	99.4 %
8,649	3,280	1.3	0.6	0.2	0.3	0.1
82,492	12,241	6.0	6.2	5.8	2.9	0.5
$ 2,891,663	$ 2,600,089	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 43,361	$ 30,585	2.4 %	1.3 %	1.2 %	1.5 %	1.2 %
1,415,000	1,775,000	64.1	56.2	46.1	48.9	68.3
908,761	836,003	39.8	35.3	34.6	31.4	32.2
	238,530					9.2
$ 2,367,122	$ 2,880,118	106.3 %	92.8 %	81.9 %	81.8 %	110.9 %
$ 524,541	$ (280,029)	(6.3) %	7.2 %	18.1 %	18.2 %	(10.9) %
$	$ 6,820,000					
	(7,134,163)					
	539,868					
$ - 0 -	$ 225,705					
$ 524,541	$ (54,324)					
3,467,795	3,522,119					
$ 3,992,336	$ 3,467,795					

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

District Mailing Address - Lower Kirby Pearland Management District
Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended March 31, 2026	Expense Reimbursements for the year ended March 31, 2026	Title
Shareen Larmond	06/23 06/27 (Appointed)	$ -0-	$ -0-	President
Ross Steffenauer	06/25 06/29 (Appointed)	$ -0-	$ -0-	Vice President
Matthew J. Buchanan	06/25 06/29 (Appointed)	$ -0-	$ -0-	Assistant Secretary
John Chiang	06/25 06/29 (Appointed)	$ -0-	$ -0-	Secretary
Anne Stoker	10/25 06/27 (Appointed)	$ -0-	$ -0-	Director
Devina Fernandez	09/25 05/26 (Appointed)	$ -0-	$ -0-	Director
Victor Brownlees	06/25 06/29 (Appointed)	$ -0-	$ -0-	Director

Submission date of most recent District Registration Form: October 15, 2025

See accompanying independent auditor's report.

LOWER KIRBY PEARLAND MANAGEMENT DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

Consultants:	Date Hired	Fees for the year ended March 31, 2026	Title
Allen Boone Humphries Robinson LLP	07/31/07	$ 160,682 $ 216,160	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	03/30/10	$ 17,750 $ 3,500	Auditor Bond Related
District Data Services	12/15/21	$ 32,244 $ 6,000	Bookkeeper Bond Related
LJA Engineering, Inc.	02/06/14	$ 705,987	Engineer
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/31/09	$ 19,807	Delinquent Tax Attorney
Masterson Advisors LLC	04/18/18	$ 152,062	Financial Advisor
Stephanie Viator and Wendy Austin	12/15/21	$ -0-	Investment Officers
Equi-Tax, Inc.	10/02/08	$ 13,996	Tax Assessor/ Collector
Baxter & Woodman, Inc.	04/17/24	$ 171,141	Engineer
Cobb Fendley & Associates, Inc.	06/16/21	$ 492,121	Engineer

See accompanying independent auditor's report.