OFFICIAL STATEMENT DATED JULY 27, 2023

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE-Book-Entry-Only

Insured Rating (BAM): S&P "AA" (stable)
Underlying Rating: Moody's "Baa2"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$9,000,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
(A political subdivision of the State of Texas located within Harris County)
UNLIMITED TAX BONDS
SERIES 2023

The bonds described above (the "Bonds") are obligations solely of Harris County Municipal Utility District No. 558 (the "District") and are not obligations of the State of Texas, Harris County, the City of Houston, 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: August 1, 2023 **Due: September 1, as shown below**
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., Dallas, Texas (the "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the initial date of delivery (expected August 24, 2023) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing March 1, 2024, 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 below.

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."

BAM BUILD AMERICA MUTUAL

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

MATURITY SCHEDULE

Principal Amount	Maturity (September 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(c)	Principal Amount	Maturity (September 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(c)
$ 360,000	2025	41429T GE7	5.500 %	3.500 %	$ 360,000	2035 (a)	41429T GQ0	3.375 %	3.950 %
360,000	2026	41429T GF4	5.500	3.400	360,000	2036 (a)	41429T GR8	3.500	4.000
360,000	2027	41429T GG2	5.500	3.350	360,000	2037 (a)	41429T GS6	3.500	4.050
360,000	2028	41429T GH0	5.500	3.350	360,000	2038 (a)	41429T GT4	4.000	4.000
360,000	2029	41429T GJ6	5.500	3.350	360,000	2039 (a)	41429T GU1	4.000	4.100
360,000	2030 (a)	41429T GK3	5.500	3.400	360,000	2040 (a)	41429T GV9	4.000	4.150
360,000	2031 (a)	41429T GL1	5.000	3.450	360,000	2041 (a)	41429T GW7	4.000	4.200
360,000	2032 (a)	41429T GM9	3.000	3.750	360,000	2042 (a)	41429T GX5	4.000	4.230
360,000	2033 (a)	41429T GN7	3.125	3.850	***	***	***	***	***
360,000	2034 (a)	41429T GP2	3.250	3.900	360,000	2045 (a)	41429T HA4	4.125	4.300

$720,000 Term Bonds due September 1, 2044 (a), 41429T GZ0 (b), 4.125% Interest Rate, 4.280% Yield (c)
$720,000 Term Bonds due September 1, 2047 (a), 41429T HC0 (b), 4.250% Interest Rate, 4.394% Yield (c)
$720,000 Term Bonds due September 1, 2049 (a), 41429T HE6 (b), 4.250% Interest Rate, 4.400% Yield (c)

(a) Bonds maturing on or after September 1, 2030, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2029, 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. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

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

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

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about August 24, 2023.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.0070% of the par value thereof, which resulted in a net effective interest rate of 4.310535%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description...	Harris County Municipal Utility District No. 558 (the "District"), a political subdivision of the State of Texas, was created by the Texas Commission on Environmental Quality ("TCEQ") on February 11, 2019, and operates under Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and other statutes of Texas applicable to municipal utility districts. The District currently contains approximately 639 acres of land within its boundaries. At its January 26, 2023, regular Board meeting, the District's Board accepted a Petition for Addition of Certain Land from GP 344 and Beazer Homes (as defined below) requesting the annexation of approximately 41.76 acres of land into the District's boundaries. In response thereto, the District submitted a Petition for Consent to Annex Land to the City of Houston to obtain consent to complete the annexation of such property. The City of Houston consented to the possible annexation at its July 12, 2023, City Council meeting. To date, the District's Board has not taken further action to complete the annexation of the approximately 41.76 acres of land into the District's boundaries. See "THE DISTRICT."
Location...	The District is located in Harris County approximately 35 miles northwest of the City of Houston downtown central business district. The District consists of two non-contiguous tracts totaling approximately 639 acres. The approximately 400 acre tract is located south of Waller-Tomball Road, immediately east of Mueschke Road and immediately north of Texas State Highway 99 (the Grand Parkway). The approximately 239 acre tract is located immediately south of Waller-Tomball Road, west of Mueschke Road and north of Texas State Highway 99 (the Grand Parkway). The District lies entirely within the extraterritorial jurisdiction of the City of Houston. The approximately 400 acre tract is located within the Tomball Independent School District and the approximately 239 acre tract is located within the Waller Independent School District. See "THE DISTRICT" and "AERIAL LOCATION MAP."
The Developers…	GP 344 Ltd., a Texas limited partnership ("GP 344"), and Beazer Homes Texas, L.P., a Delaware limited partnership ("Beazer Homes"), have entered into a joint development agreement (the "GP 344 and Beazer Homes Development Agreement") for the purpose of acquiring approximately 400 acres within the District and developing such land. Pursuant to the GP 344 and Beazer Homes Development Agreement, GP 344 and Beazer Homes each retain a fifty percent (50%) undivided interest in the portion of such approximate 400 acres not yet sold to builders or ultimate users. GP 344 and Beazer Homes have completed the construction of 1,091 single-family residential lots on approximately 238 acres in Amira, Sections One through Twelve and Sections Fourteen through Eighteen and are currently constructing the initial stage of Amira, Sections Thirteen, Twenty-Five and Twenty-Six (197 lots on approximately 52 acres) with completion expected in early 2024.
	JDS FM 2920 LLC, a Texas limited liability company ("JDS"), and M/I Homes of Houston, LLC, a Delaware limited liability company ("M/I Homes") have entered into a common infrastructure development and cost sharing agreement (the "JDS and M/I Homes Development Agreement") for the purpose of acquiring approximately 239 acres within the District and developing the common infrastructure needed to develop finished lots on such property. Pursuant to the JDS and M/I Homes Development Agreement, JDS and M/I Homes each contribute approximately 50% of the common infrastructure costs as well as 100% of the cost of the infrastructure for their internal sections. JDS and M/I Homes are currently constructing the initial stage of Sorella, Sections One through Six (438 lots on approximately 110 acres). Sorella, Sections One and Two are expected to be completed by the end of 2023 and Sections Three through Six are expected to be completed in early 2024. See "THE DEVELOPERS."
	GP 344, Beazer Homes, JDS and M/I Homes are collectively referred to herein as the "Developers."

Status of Development... The District is currently being developed as the single-family residential communities of Amira and Sorella. Construction of water distribution, wastewater collection, storm drainage and paving facilities has been completed to serve 1,091 single-family residential lots on approximately 238 acres in Amira, Sections One through Twelve and Sections Fourteen through Eighteen. As of June 21, 2023, 936 homes were completed (935 occupied), 55 new homes were under construction or in a builder's name, and 100 developed lots were available for home construction in the District In addition, the initial stage of construction for Sorella, Sections One through Six (438 lots on approximately 110 acres) is underway with completion of Sections One and Two expected by the end of 2023 and Sections Three through Six in early 2024, and the initial stage of construction for Amira, Sections Thirteen, Twenty-Five and Twenty-Six (197 lots on approximately 52 acres) is currently underway with completion expected in early 2024. Perry Homes and Beazer Homes are currently building homes in Amira. According to the Developers, sales prices for new homes within Amira range from approximately $340,000 to over $770,000.

The Resort at Amira, a recreation and activity center, has been completed on approximately four acres within the District and includes a 7,000-square-foot clubhouse with a fitness room, children's reading nook, kitchen, swimming pool and a yoga studio. Community facilities within the District also include an event lawn, a playground and a dog park. Ponds, lakes and channels throughout the District have landscaped walking paths and sitting areas. The remainder of the District consists of approximately 64 acres of developable but undeveloped property and approximately 171 acres of undevelopable land (utility sites, detention, drainage facilities and easements). See "THE DISTRICT—Land Use" and "—Status of Development."

Builders… Perry Homes and Beazer Homes are currently building homes in Amira. See "THE DEVELOPERS."

Payment Record... The District has previously issued $24,850,000 principal amount of unlimited tax bonds for water, sewer and drainage purposes in three series and $16,920,000 principal amount of unlimited tax bonds for road purposes in three series, $41,105,000 principal amount of which collectively remains outstanding (the "Outstanding Bonds") as of the date hereof. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The Bonds are the District's fourth issuance of unlimited tax bonds for water, sewer and drainage facilities. The District capitalized twelve (12) months of interest from proceeds of the Unlimited Tax Bonds, Series 2022 in September 2022 and six (6) months of interest from proceeds of the Unlimited Tax Road Bonds, Series 2023 in April 2023. The District has never defaulted on its debt service obligations.

Future Debt... The District expects to issue approximately $5,000,000 principal amount of unlimited tax bonds for road facilities in the fourth quarter of 2023. See "THE BONDS—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

THE BONDS

Description... The $9,000,000 Harris County Municipal Utility District No. 558 Unlimited Tax Bonds, Series 2023 (the "Bonds") are being issued pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the District's Board of Directors (the "Board") and are authorized pursuant to an election held within the District. The Bonds will be issued as fully registered bonds and are scheduled to mature serially on September 1 in each of the years 2025 through 2042, both inclusive, the year 2045, and as term bonds maturing on September 1 in each of the years 2044, 2047 and 2049 (the "Term Bonds") in the principal amounts and paying interest at the rates shown on the cover page hereof. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. The Bonds are dated August 1, 2023 and interest on the Bonds accrues from the Date of Delivery, and is payable March 1, 2024, and each September 1 and March 1 thereafter, until the earlier of stated 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 the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Redemption...	Bonds maturing on or after September 1, 2030, 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, 2029, 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. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," including to pay interest on funds advanced by certain of the Developers on behalf of the District and to pay engineering fees, administrative costs, and certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance...	The Bonds are the fourth series of bonds issued out of an aggregate of $205,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sewer and drainage facilities and for the further purpose of refunding such bonds. The Bonds are issued by the District pursuant to an election held within the District, an order of the TCEQ, the terms and conditions of the 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. 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 a continuing direct annual ad valorem tax, 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 Houston, Harris County, the State of Texas or any entity other than the District. See "THE BONDS—Source of Payment."
Municipal Bond Rating and Municipal Bond Insurance…	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM"). Moody's Investors Service, Inc. ("Moody's") has assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."
Not Qualified Tax-Exempt Obligations...	The Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.
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., Dallas, 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)

2022 Certified Taxable Assessed Valuation	$284,014,507	(a)
2023 Preliminary Taxable Assessed Valuation	$442,450,133	(b)
Estimated Taxable Assessed Valuation as of June 1, 2023	$454,105,584	(c)
Gross Direct Debt Outstanding	$50,105,000	(d)
Estimated Overlapping Debt	18,982,838	(e)
Gross Direct Debt and Estimated Overlapping Debt	$69,087,838	(e)
Ratios of Gross Direct Debt to:		
2023 Preliminary Taxable Assessed Valuation	11.32%	
Estimated Taxable Assessed Valuation as of June 1, 2023	11.03%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2023 Preliminary Taxable Assessed Valuation	15.61%	
Estimated Taxable Assessed Valuation as of June 1, 2023	15.21%	
Debt Service Funds Available:		
Water/Sewer/Drainage Debt Service Funds Available as of June 21, 2023	$1,589,664	(f)
Road Debt Service Funds Available as of June 21, 2023	689,238	(f)
Total Debt Service Funds Available	$2,278,902	
Water/Sewer/Drainage Capital Projects Funds Available as of June 21, 2023	$ 194,297	(g)
Road Capital Projects Funds Available as of June 21, 2023	$ 5,461	
Operating Funds Available as of June 21, 2023	$2,750,430	
2022 Debt Service Tax Rate	$0.59	
2022 Maintenance Tax Rate	0.68	
2022 Total Tax Rate	$1.27	
Average Annual Debt Service Requirement (2024-2049)	$2,826,394	(h)
Maximum Annual Debt Service Requirement (2025)	$3,676,048	(h)
Tax Rates Required to Pay Average Annual Debt Service (2024-2049) at a 95% Collection Rate		
2023 Preliminary Taxable Assessed Valuation	$0.68	(i)
Based upon Estimated Taxable Assessed Valuation as of June 1, 2023	$0.66	(i)
Tax Rates Required to Pay Maximum Annual Debt Service (2025) at a 95% Collection Rate		
2023 Preliminary Taxable Assessed Valuation	$0.88	(i)
Based upon Estimated Taxable Assessed Valuation as of June 1, 2023	$0.86	(i)
Status of Development as of June 21, 2023 (j):		
Total Lots Constructed	1,091	
Homes Completed (935 Occupied)	936	
Homes Under Construction or in a Builder's Name	55	
Developed Lots Available for Construction	100	
Lots Under Construction	635	
Estimated Population	3,273	(k)

(a) As certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

(b) Provided by the Appraisal District as a preliminary indication of the 2023 taxable value as of January 1, 2023. Such value is subject to property owner protest and Appraisal District review and downward revision prior to certification. See "TAXING PROCEDURES."

(c) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on June 1, 2023. Increases in value that occur between January 1, 2023, and June 1, 2023, are assessed for purposes of taxation on January 1, 2024. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."

(d) The Outstanding Bonds and the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

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

(f) Funds in the Water/Sewer/Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on bonds issued for road facilities and are not available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds. See "THE BONDS—Funds."

(g) The District will use $193,258 of surplus Water/Sewer/Drainage Capital Projects Funds in connection with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

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

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

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

(k) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558

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

$9,000,000

UNLIMITED TAX BONDS
SERIES 2023

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 558 (the "District") of its $9,000,000 Unlimited Tax Bonds, Series 2023 (the "Bonds").

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

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, and development in the District by GP 344, Ltd., a Texas limited partnership ("GP 344"), Beazer Homes Texas, L.P., a Delaware limited partnership ("Beazer Homes") JDS FM 2920 LLC, a Texas limited liability company ("JDS") and M/I Homes of Houston, LLC, a Delaware limited liability company ("M/I Homes"). GP 344, Beazer Homes, JDS and M/I Homes are collectively referred to herein as the "Developers." See "THE DEVELOPERS." All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 upon payment of the costs of duplication therefore.

THE BONDS

Description

The Bonds will be dated August 1, 2023 and will accrue interest from the Date of Delivery, with interest payable each March 1 and September 1, beginning March 1, 2024 (the "Interest Payment Date"), and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of $5,000 or any integral multiple of $5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., Dallas, 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 Dallas, 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 Resolution.

Source of 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 Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

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

No Arbitrage

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

Funds

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

The Water/Sewer/Drainage Debt Service Fund is available for payment of principal and interest on bonds issued for water, sewer and drainage facilities, including the Bonds. It is not available to pay principal or interest on bonds issued for road facilities.

The District maintains a Road Debt Service Fund that is available for payment of debt service on bonds issued for road facilities. It is not available to pay principal or interest on bonds issued for water, sewer and drainage facilities, including the Bonds.

The proceeds of sale of the Bonds shall be deposited into the Water/Sewer/Drainage Capital Projects Fund, to be used for the purpose of reimbursing certain of the Developers for certain construction costs and for paying engineering fees, administration costs and costs of issuance of the Bonds. Any monies remaining in the Water/Sewer/Drainage Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Water/Sewer/Drainage Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2044, 2047 and 2049 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$720,000 Term Bonds Due September 1, 2044		$720,000 Term Bonds Due September 1, 2047		$720,000 Term Bonds Due September 1, 2049	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2043	$ 360,000	2046	$ 360,000	2048	$ 360,000
2044 (maturity)	360,000	2047 (maturity)	360,000	2049 (maturity)	360,000

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

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2030, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000 on September 1, 2029, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

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

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

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

Authority for Issuance

At a bond election held within the District on May 4, 2019, voters of the District authorized the issuance of $205,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and for refunding such bonds. The Bonds are being issued pursuant to such authorization. See "Issuance of Additional Debt" herein.

The TCEQ has approved the sale of the Bonds subject to certain restrictions, including the use of Bond proceeds as summarized in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are issued by the District pursuant to an order of the TCEQ; the terms and conditions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas; and an election held within the District.

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

Registration and Transfer

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

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

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

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

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

Lost, Stolen or Destroyed Bonds

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

Registered owners of lost, stolen or destroyed Bonds will be required to pay the District's costs to replace such 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 Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

Issuance of Additional Debt

The District's voters have authorized the issuance of $205,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and refunding such bonds, $35,000,000 principal amount of unlimited tax bonds for road facilities and refunding such bonds, $23,000,000 principal amount of unlimited tax bonds for park and recreational facilities and refunding such bonds, and could authorize additional amounts. After the issuance of the Bonds, $171,150,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities and for refunding such bonds, $18,080,000 principal amount of unlimited tax bonds for road facilities and for refunding such bonds, and all of the unlimited tax bonds authorized for park and recreational facilities and for refunding such bonds will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. The District expects to issue approximately $5,000,000 principal amount of unlimited tax bonds for road facilities in the fourth quarter of 2023. See "INVESTMENT CONSIDERATIONS—Future Debt."

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire plan and bonds for such purposes by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered developing a fire plan or calling an election at this time for such purposes. 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.

The District is authorized by statue to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. Under existing State law, the outstanding principal amount of park bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. The Board has approved a park plan and, at an election held on May 4, 2019, voters of the District authorized the issuance of $23,000,000 in unlimited tax bonds for the purpose of purchasing or constructing parks and recreational facilities, all of which remains authorized but unissued.

Annexation by the City of Houston

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

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

Consolidation

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

Remedies in Event of Default

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) 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 Depository Trust Company ("DTC") and its book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Costello, Inc., the District's engineer (the "Engineer"), and were submitted to the TCEQ in the District's Bond application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

I. CONSTRUCTION COSTS		
• Amira Drive, Cypress Heights Drive, Long Canter Trail and Offsite Utilities	$	921,766
• Amira Detention Pond No. Three Expansion		940,016
• Amira Sections One and Two Water, Wastewater and Drainage		954,081
• Amira Section Three Water, Wastewater and Drainage		839,820
• Amira Section Five Water, Wastewater and Drainage		413,000
• Land Acquisition Costs for Detention Ponds		2,128,326
• Water Plant Expansion No. 4		453,793
• Contingencies		45,379
• Engineering		733,956
• Less: Surplus Funds		(193,258)
Total Construction Costs	**$**	**7,236,879**
II. NON-CONSTRUCTION COSTS		
• Underwriter's Discount (a)	$	269,369
• Developer Interest		981,130
Total Non-Construction Costs	**$**	**1,250,499**
III. ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	430,491
• Bond Application Report		50,000
• Regulatory Fees		31,500
• Contingency (a)		631
Total Issuance Costs and Fees	**$**	**512,622**
TOTAL BOND ISSUE	**$**	**9,000,000**

(a) The TCEQ approved a maximum Underwriter's discount of 3.00%. Contingency represents the difference in the estimated and actual amount of Underwriter's Discount.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved under the rules of the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The District cannot and does not guarantee the sufficiency of such funds for such purpose.

THE DISTRICT

General

The District, a political subdivision of the State of Texas, was created by the TCEQ on February 11, 2019, and operates under Article III, Section 52 and Article XVI, Section 59, of the Texas Constitution in accordance with Chapters 49 and 54 of the Texas Water Code, as amended, and other statutes of Texas applicable to municipal utility districts. The District currently contains approximately 639 acres of land within its boundaries. At its January 26, 2023, regular Board meeting, the District's Board accepted a Petition for Addition of Certain Land from GP 344 and Beazer Homes requesting the annexation of approximately 41.76 acres of land into the District's boundaries. In response thereto, the District submitted a Petition for Consent to Annex Land to the City of Houston to obtain consent to complete the annexation of such property. The City of Houston consented to the possible annexation at its July 12, 2023, City Council meeting. To date, the District's Board has not taken further action to complete the annexation of the approximately 41.76 acres of land into the District's boundaries.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the City of Houston, the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and roads. See "THE BONDS—Issuance of Additional Debt."

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation from the City of Houston, within whose extraterritorial jurisdiction the District lies, the District is required to observe certain requirements of the City of Houston which: limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, road, and recreational facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain public facilities to be designed in accordance with applicable City of Houston standards. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

Description and Location

The District is located in Harris County, approximately 35 miles northwest of the City of Houston downtown central business district. The District consists of two non-contiguous tracts totaling approximately 639 acres. The approximately 400 acre tract is located south of Waller-Tomball Road, immediately east of Mueschke Road and immediately north of Texas State Highway 99 (the Grand Parkway). The approximately 239 acre tract is located immediately south of Waller-Tomball Road, west of Mueschke Road and north of Texas State Highway 99 (the Grand Parkway). The District lies entirely within the extraterritorial jurisdiction of the City of Houston. The approximately 400 acre tract is located within the Tomball Independent School District and the approximately 239 acre tract is located within the Waller Independent School District. See "AERIAL LOCATION MAP."

Land Use

The District currently includes approximately 238 developed acres of single-family residential development (1,091 lots), approximately 162 acres under construction (635 lots) for single-family residential development, approximately 64 developable acres that have not been provided with water distribution or wastewater collection, approximately 4 acres for a recreation center and approximately 171 undevelopable acres (utility sites, easements, detention and drainage facilities). The table below represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots/Units
Amira:		
Section One	20	94
Section Two	11	43
Section Three	25	122
Section Four	18	93
Section Five	17	63
Section Six	18	83
Section Seven	7	33
Section Eight	2	10
Section Nine	27	106
Section Ten	20	97
Section Eleven	12	52
Section Twelve	8	42
Section Thirteen (a)	23	90
Section Fourteen	9	34
Section Fifteen	6	35
Section Sixteen	9	33
Section Seventeen	20	104
Section Eighteen	9	47
Section Twenty-Five (a)	13	47
Section Twenty-Six (a)	16	60
Subtotal	290	1,288
Sorella:		
Section One (b)	18	72
Section Two (b)	16	63
Section Three (a)	15	74
Section Four (a)	18	65
Section Five (a)	29	141
Section Six (a)	14	23
Subtotal	110	438
Total Single-Family Residential	400	1,726
Recreation Center	4	---
Undevelopable	171	---
Future Development	64	---
Totals	639	1,726

(a) Initial stage of construction is underway with completion expected in early 2024.
(b) Initial stage of construction is underway with completion expected by the end of 2023.

<u>Status of Development</u>

<u>Single Family Residential</u>: The District is currently being developed as the single-family residential communities of Amira and Sorella. Construction of water distribution, wastewater collection, storm drainage and paving facilities has been completed to serve 1,091 single-family residential lots on approximately 238 acres in Amira, Sections One through Twelve and Sections Fourteen through Eighteen. As of June 21, 2023, 936 homes were completed (935 occupied), 55 new homes were under construction or in a builder's name, and 100 developed lots were available for home construction in the District. In addition, the initial stage of construction for Sorella, Sections One through Six (438 lots on approximately 110 acres) is underway with completion of Sections One and Two expected by the end of 2023 and Sections Three through Six in early 2024, and the initial stage of construction for Amira, Sections Thirteen, Twenty-Five and Twenty-Six (197 lots on approximately 52 acres) is currently underway with completion expected in early 2024. Perry Homes and Beazer Homes are currently building homes in Amira. According to the Developers, sales prices for new homes within Amira range from approximately $340,000 to over $770,000.

The remainder of the District consists of approximately 64 acres of developable but undeveloped property and approximately 171 acres of undevelopable land (utility sites, drainage facilities, detention and easements).

The estimated population in the District, based upon 3.5 persons per occupied residence is 3,273.

<u>Recreational Facilities</u>: The Resort at Amira, a recreation and activity center, has been completed on approximately four acres within the District and includes a 7,000-square-foot clubhouse with a fitness room, children's reading nook, kitchen, swimming pool and a yoga studio. Community facilities within the District also include an event lawn, a playground and a dog park. Ponds, lakes and channels throughout the District have landscaped walking paths and sitting areas.

<u>Future Development</u>

The District is being developed as a single-family residential development. Approximately 64 developable acres of land currently within the District are not yet fully served with water distribution and supply, wastewater collection and treatment, storm drainage facilities or roads (excluding 635 lots under construction on approximately 162 acres). See "INVESTMENT CONSIDERATIONS—Future Debt." The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water), the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of $212,230,000 should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, roads and recreation system for full development of the District.

THE DEVELOPERS

<u>Role of a Developer</u>

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

Prospective Bond purchasers should note that the prior real estate experience of the Developers should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. See "INVESTMENT CONSIDERATIONS."

None of the Developers nor any affiliates of the Developers have any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and the Developers may sell or otherwise dispose of their property within the District, or any other assets, at any time. Further, the financial condition of the Developers is subject to change at any time. Because of the foregoing, financial information concerning the Developers will neither be updated nor provided following issuance of the Bonds, except as described herein under "CONTINUING DISCLOSURE INFORMATION."

GP 344 Ltd. and Beazer Homes Texas, L.P.

GP 344 Ltd., a Texas limited partnership ("GP 344"), and Beazer Homes Texas, L.P., a Delaware limited partnership ("Beazer Homes"), have entered into a joint development agreement (the "GP 344 and Beazer Homes Development Agreement") for the purpose of acquiring approximately 400 acres within the District and developing such land. Pursuant to the GP 344 and Beazer Homes Development Agreement, GP 344 and Beazer Homes each retain a fifty percent (50%) undivided interest in the portion of such approximate 400 acres not yet sold to builders or ultimate users. GP 344 and Beazer Homes have completed the construction of 1,091 single-family residential lots on approximately 238 acres in Amira, Sections One through Twelve and Sections Fourteen through Eighteen and are currently constructing the initial stage of Amira, Sections Thirteen, Twenty-Five and Twenty-Six (197 lots on approximately 52 acres) with completion expected in early 2024.

GP 344 and Beazer Homes have engaged Johnson Development Services, an affiliate company of Johnson Development Corp., to manage the development in the District by the Developers.

GP 344: PSWA, Inc., a Texas corporation, is the sole General Partner of GP 344. The limited partner of GP 344 is Perry Homes, LLC, a Texas limited liability company.

All funds required for development activities are provided by GP 344 or from lot sales. There is no debt instrument associated with development in the District by GP 344. Perry Homes, LLC is not legally obligated to provide funds for the development of the District nor is it legally obligated to provide funds to pay taxes on property in the District owned by GP 344, or to pay any other obligations related to the District.

Beazer Homes: The General Partner of Beazer Homes is Beazer Homes Texas Holdings, Inc., a Delaware corporation ("Beazer Holdings"), the stock of which is owned by Beazer USA, Inc. ("Beazer USA"), which is traded on the New York Stock Exchange under the ticker "BZH."

All funds required for Beazer Homes development activities are provided by Beazer Holdings or from lot sales. There is no debt instrument associated with development in the District by Beazer Homes. Beazer USA is not legally obligated to provide funds for the development of the District nor is it legally obligated to provide funds to pay taxes on property in the District owned by Beazer Homes, or to pay any other obligations related to the District.

Beazer USA files annual, quarterly and current reports, proxy statements and other information with the SEC. Beazer USA filings are available to the public over the internet at the SEC's website at http://www.sec.gov. You may also read and copy any document that Beazer USA has filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, Beazer USA makes available on its web sites http://www.beazer.com its annual reports on form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on Beazer USA's web site, available by hyperlink from Beazer USA's web site or on the SEC's web site, is not incorporated into this OFFICIAL STATEMENT. The District has not obtained any representations from Beazer USA concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

JDS FM 2920 LLC and M/I Homes of Houston, LLC

JDS FM 2920 LLC, a Texas limited liability company ("JDS"), and M/I Homes of Houston, LLC, a Delaware limited liability company ("M/I Homes") have entered into a common infrastructure development and cost sharing agreement (the "JDS and M/I Homes Development Agreement") for the purpose of acquiring approximately 239 acres within the District and developing the common infrastructure needed to develop finished lots on such property. Pursuant to the JDS and M/I Homes Development Agreement, JDS and M/I Homes each contribute approximately 50% of the common infrastructure costs as well as 100% of the cost of the infrastructure for their internal sections. JDS and M/I Homes are currently constructing the initial stage of Sorella, Sections One through Six (438 lots on approximately 110 acres). Sorella, Sections One and Two are expected to be completed by the end of 2023 and Sections Three through Six are expected to be completed in early 2024.

JDS: JDS FM 2920 Investors LP, a Texas limited partnership, is the 100% owner of JDS FM 2920 LLC.

All funds required for development activities are provided by equity contributions from JDS FM 2920 Investors LP, released Earnest Money Deposits from Newmark Homes and Beazer Homes and a construction loan from First Continental Investment Co, Ltd. The construction lender has a first lien position on the JDS portion of the project. Common areas are unencumbered. Newmark Homes and Beazer Homes have a second lien position on the JDS portion of the project securing their released Earnest Money Deposit.

M/I Homes: M/I Homes of Houston, LLC, a Delaware limited liability company, is wholly-owned by M/I Homes, Inc., an Ohio corporation, whose common stock is listed on the New York Stock Exchange under the symbol MHO.

M/I Homes files annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document that M/I Homes has filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, M/I Homes makes available on its web site https://www.mihomes.com its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. Unless otherwise specified, information contained on M/I Homes' website, available by hyperlink from M/I Homes' website or on the SEC's website, is not incorporated into this OFFICIAL STATEMENT.

GP 344, Beazer Homes, JDS and M/I Homes are collectively referred to herein as the "Developers."

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	District Board Title	Term Expires
Steve Bonjonia	President	May 2024
Russell Daniels	Vice President	May 2026
Christi Miller	Secretary	May 2024
Zamara Garcia	Assistant Vice President	May 2026
Robert Long III	Assistant Secretary	May 2026

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.

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

Auditor: The District's financial statements for the year ended December 31, 2022, were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's audited financial statements for the year ended December 31, 2022.

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

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. Utility Tax Service, LLC (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

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

Utility System Operator: The operator of the District's water and wastewater system is Municipal District Services, LLC.

THE ROAD SYSTEM

The road system, including the projects funded with the proceeds of the outstanding road bonds, serves the residents of the District by providing access to major thoroughfares and collector roads within Amira and the surrounding area. The internal subdivision streets and collector roads convey the residents of the District to Mueschke Road. All roads are maintained or will be maintained by Harris County.

THE WATER, WASTEWATER AND DRAINAGE SYSTEM

Regulation

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

Water Supply

Water supply for the District is provided pursuant to a utility agreement (the "Utility Agreement") by and between the District and Harris County Municipal Utility District No. 542 ("MUD 542"). The water supply plant is jointly owned by the District and MUD 542 with MUD 542 operating the water supply facilities. The water supply plant includes a 1,000 gallon per minute ("gpm") water well, a 1,000 gpm remote water well, two 15,000 gallon pressure tanks, 438,000 gallons of ground storage, booster pump capacity of 2,440 gpm and an emergency water supply interconnect between MUD 542 and HMW Special Utility District. Pursuant to the Utility Agreement, the District is entitled to 51.48% of the capacity in the water supply plant or 746 equivalent single-family connections ("ESFCs"). As of June 21, 2023, the District was serving 935 active residential connections, with an additional 55 builder connections projected to receive future residential service. In order to meet the anticipated water capacity needs, Phase 3 of the water plant expansion consisting of construction of a 1,000 gpm water well was recently completed by MUD 542. Additionally, MUD 542 is designing Phase 4 of the water plant consisting of two 610 gpm booster pumps tanks and an additional ground storage tank to be installed by mid-2024. To meet the current water supply needs for the existing active connections until the Phase 4 expansion is complete, the District is utilizing excess MUD 542 water supply capacity pursuant to the process set forth in the Utility Agreement. The MUD 542 engineer has confirmed in writing that such excess capacity will remain available for the District's use until the Phase 4 expansion is complete. In addition, a second water plant is being constructed in the District. The first phase of this water plant, which will provide 300 ESFCs to the District, is under construction and is expected to be completed in the fourth quarter of 2023. The second phase of this water plant, which will provide an additional 700 ESFCs to the District, is under design. Upon completion of the Phase 4 expansion to the existing water plant and the Phase 2 expansion of the second water plant, the District will be allocated a total of 2,231 ESFCs in the water supply facilities.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the North Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

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

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

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

In the event the Authority fails to reduce groundwater withdrawal to the levels specified by and deadline set by the Subsidence District then the District and others within the Authority's GRP group will be required to pay a disincentive fee on withdrawn groundwater. This fee is expected to be substantial, and the District expects it would need to pass such fee through to its customers as described above. This fee would be in addition to the Authority's fee.

Wastewater Treatment

Wastewater treatment for the District is provided pursuant to the Utility Agreement. The District and MUD 542 jointly own the wastewater treatment plant with MUD 542 operating the plant. As of June 21, 2023, the District was serving 935 active residential connections, with an additional 55 builder connections projected to receive future residential service. The wastewater treatment plant is currently capable of serving 1,200 ESFCs, and the District's share of this capacity per the terms of the Utility Agreement is 600 ESFCs. In order to meet the anticipated future service needs, the Phase 3 expansion of the wastewater treatment plan is currently under construction and is expected to be completed in the third quarter of 2023. Upon completion of the Phase 3 expansion, the District's allotted capacity will be 1,000 ESFCs. The final expansion, Phase 4, will be constructed when the capacity of the wastewater treatment plant reaches ninety percent (90%) of its rated design flow. In addition, Phase 1 of a second wastewater treatment plant in the District is under design and is expected to begin construction in the third quarter of 2023. The second wastewater treatment plant will provide an additional 540 ESFCs to the District. Upon completion of Phase 4 of the existing wastewater treatment plant and completion of the second wastewater treatment plant, the District will have capacity to serve a total of 1,849 ESFCs.

Wastewater Treatment Plant Capacity and Expansion

The District recently completed the Phase 2 expansion of the wastewater treatment plant and began construction on the Phase 3 expansion of the wastewater treatment plant, and the discharge levels remain below its permitted capacity. The plant has been operating at just above 75% of capacity which is the regulatory requirement to begin design of the Phase 3 expansion. If the District's use of its permitted capacity exceeds 100% for three consecutive months, the TCEQ may impose certain penalties or restrictions on the District, including, among other things, a temporary moratorium on construction in the District until an expansion of the wastewater treatment plant is online or monetary fines.

Historically, the TCEQ has been reluctant to impose penalties for districts in similar situations but has recommended that districts take measures to hasten the completion of wastewater treatment plant expansions that are underway. However, the District cannot make any representation as to what action, if any, the TCEQ may impose on the District at this time. Further, if the TCEQ decides to impose a moratorium on new construction in the District, such moratorium would not adversely affect the District's total tax rate or necessitate increases to the water/sewer rates charged to existing residents in the District.

The District and its Operator are taking measures to mitigate the District's use of its permitted wastewater treatment plant capacity until the Phase 3 expansion is complete. Although the wastewater treatment plant is rated for 250 gallons per day ("gpd") per ESFC, the actual flow is approximately 190 gpd, resulting in the plant being capable of treating a higher number of ESFCs than it is rated for.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection, storm drainage and paving facilities have been constructed to serve 1,091 single-family residential lots within the District. See "THE DISTRICT— Land Use" and "—Status of Development."

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes and other improvements 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 and other improvements built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards.

According to the Engineer, 44 lots on approximately 8 acres in Amira, Section 10 were removed by an approved Letter of Map Revision ("LOMR") that became effective January 30, 2023.

Atlas 14

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

Water and Wastewater Operations

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the period of inception to December 31, 2019 and the fiscal years ended December 31, 2020 through 2022. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to such statements, including "APPENDIX A," for further and complete information.

	Fiscal Year Ended December 31,							
	2022		2021		2020		2019	
Revenues:								
Property Taxes	$	1,190,554	$	518,154	$	151,132	$	-
Water and Sewer Service		986,758		628,797		280,997		34,559
Penalty and Interest		26,866		17,116		1,571		606
Regional Water Authority Fee		583,200		351,843		138,861		14,804
Tap Connection & Inspection		239,768		468,025		457,959		242,170
Miscellaneous		51,299		19,764		11,791		2,280
Total Revenue	$	3,078,445	$	2,003,699	$	1,042,311	$	294,419
Expenditures:								
Professional Fees	$	244,208	$	199,589	$	191,715	$	131,403
Contracted Services		380,093		234,446		71,539		18,785
Purchased Water Service		699,171		295,655		202,426		123,757
Purchased Wastewater Service		174,496		89,114		53,392		37,484
Utilities		3,420		2,894		-		-
Purchased Drainage Service		22,601		10,278		5,403		46,413
Repairs and Maintenance		622,223		324,568		284,994		88,822
Capital Outlay		7,350		-		-		49,555
Other Expenses		208,671		313,402		255,891		143,934
Total Expenditures	$	2,362,233	$	1,469,946	$	1,065,360	$	640,153
NET REVENUES	$	716,212	$	533,753	$	(23,049)	$	(345,734)
Other Financing Sources/Uses	$	-	$	(46,957)	$	132,500 (a)	$	325,000 (a)
General Operating Fund Balance (Beginning of Year)	$	575,513	$	88,717	$	(20,734)	$	-
General Operating Fund Balance (End of Year)	$	1,291,725	$	575,513	$	88,717	$	(20,734)

(a) Developer advances.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2022 Certified Taxable Assessed Valuation	$284,014,507	(a)
2023 Preliminary Taxable Assessed Valuation	$442,450,133	(b)
Estimated Taxable Assessed Valuation as of June 1, 2023	$454,105,584	(c)
Gross Direct Debt Outstanding	$50,105,000	(d)
Estimated Overlapping Debt	18,982,838	(e)
Gross Direct Debt and Estimated Overlapping Debt	$69,087,838	(e)
Ratios of Gross Direct Debt to:		
2023 Preliminary Taxable Assessed Valuation	11.32%	
Estimated Taxable Assessed Valuation as of June 1, 2023	11.03%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2023 Preliminary Taxable Assessed Valuation	15.61%	
Estimated Taxable Assessed Valuation as of June 1, 2023	15.21%	
Debt Service Funds Available:		
Water/Sewer/Drainage Debt Service Funds Available as of June 21, 2023	$1,589,664	(f)
Road Debt Service Funds Available as of June 21, 2023	689,238	(f)
Total Debt Service Funds Available	$2,278,902	
Water/Sewer/Drainage Capital Projects Funds Available as of June 21, 2023	$ 194,297	(g)
Road Capital Projects Funds Available as of June 21, 2023	$ 5,461	
Operating Funds Available as of June 21, 2023	$2,750,430	

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(a) As certified by the Appraisal District. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District as a preliminary indication of the 2023 taxable value as of January 1, 2023. Such value is subject to property owner protest and Appraisal District review and downward revision prior to certification. See "TAXING PROCEDURES."

(c) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on June 1, 2023. Increases in value that occur between January 1, 2023, and June 1, 2023, are assessed for purposes of taxation on January 1, 2024. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."

(d) The Outstanding Bonds and the Bonds. See "Outstanding Bonds" herein.

(e) See "Estimated Overlapping Debt" herein.

(f) Funds in the Water/Sewer/Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds, and are not available to pay debt service on bonds issued for road facilities. Funds in the Road Debt Service Fund are available to pay debt service on bonds issued for road facilities and are not available to pay debt service on the bonds issued for water, sewer and drainage facilities, including the Bonds.

(g) The District will use $193,258 of surplus Water/Sewer/Drainage Capital Projects Funds in connection with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. 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 Bonds

The District has previously issued three series of unlimited tax bonds for water, sewer and drainage facilities and three series of unlimited tax bonds for road facilities. The following table lists the original principal amount of such bonds by series and the principal amount of such bonds that remain outstanding (the "Outstanding Bonds") as of the date hereof.

Series		Original Principal Amount	Outstanding Bonds
2020		$ 7,100,000	$ 6,755,000
2020	(a)	4,000,000	3,890,000
2021	(a)	3,920,000	3,815,000
2021		2,680,000	2,575,000
2022		15,070,000	15,070,000
2023	(a)	9,000,000	9,000,000
Total		$ 41,770,000	$ 41,105,000

(a) Unlimited tax road bonds.

Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds (see "Outstanding Bonds" in this section) and the Bonds.

Year	Outstanding Bonds Debt Service Requrements		Plus: Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2023	$ 1,184,737.50	(a)	$ -	$ -	$ -	$ 1,184,737.50
2024	2,593,155.00		-	393,148.75	393,148.75	2,986,303.75
2025	2,930,397.50		360,000	385,650.00	745,650.00	3,676,047.50
2026	2,882,695.00		360,000	365,850.00	725,850.00	3,608,545.00
2027	2,845,310.00		360,000	346,050.00	706,050.00	3,551,360.00
2028	2,810,157.50		360,000	326,250.00	686,250.00	3,496,407.50
2029	2,769,112.50		360,000	306,450.00	666,450.00	3,435,562.50
2030	2,732,257.50		360,000	286,650.00	646,650.00	3,378,907.50
2031	2,698,160.00		360,000	266,850.00	626,850.00	3,325,010.00
2032	2,658,080.00		360,000	248,850.00	608,850.00	3,266,930.00
2033	2,627,112.50		360,000	238,050.00	598,050.00	3,225,162.50
2034	2,584,977.50		360,000	226,800.00	586,800.00	3,171,777.50
2035	2,546,890.00		360,000	215,100.00	575,100.00	3,121,990.00
2036	2,507,705.00		360,000	202,950.00	562,950.00	3,070,655.00
2037	2,472,872.50		360,000	190,350.00	550,350.00	3,023,222.50
2038	2,426,575.00		360,000	177,750.00	537,750.00	2,964,325.00
2039	2,394,810.00		360,000	163,350.00	523,350.00	2,918,160.00
2040	2,357,010.00		360,000	148,950.00	508,950.00	2,865,960.00
2041	2,323,497.50		360,000	134,550.00	494,550.00	2,818,047.50
2042	2,283,435.00		360,000	120,150.00	480,150.00	2,763,585.00
2043	2,247,653.75		360,000	105,750.00	465,750.00	2,713,403.75
2044	2,204,867.50		360,000	90,900.00	450,900.00	2,655,767.50
2045	2,166,341.25		360,000	76,050.00	436,050.00	2,602,391.25
2046	1,431,137.50		360,000	61,200.00	421,200.00	1,852,337.50
2047	1,056,681.25		360,000	45,900.00	405,900.00	1,462,581.25
2048	390,600.00		360,000	30,600.00	390,600.00	781,200.00
2049	375,300.00		360,000	15,300.00	375,300.00	750,600.00
Total	$ 60,501,528.75		$ 9,000,000	$ 5,169,448.75	$ 14,169,448.75	$ 74,670,977.50

(a) Excludes the District's March 1, 2023 debt service payment of $482,361.

Average Annual Debt Service Requirements (2024-2049) $2,826,394
Maximum Annual Debt Service Requirement (2025) $3,676,048

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.

	Outstanding		Overlapping	
Taxing Jurisdiction	Bonds	As of	Percent	Amount
Harris County (a)	$ 1,770,442,125	5/31/2023	0.05%	$ 885,221
Harris County Flood Control District	797,615,000	5/31/2023	0.05%	398,808
Harris County Hospital District	70,970,000	5/31/2023	0.05%	35,485
Harris County Department of Education	20,185,000	5/31/2023	0.05%	10,093
Port of Houston Authority	445,749,397	5/31/2023	0.05%	222,875
Tomball Independent School District (b)	889,775,000	5/31/2023	1.82%	16,193,905
Waller Independent School District (b)	527,905,000	5/31/2023	0.12%	633,486
Lone Star College System	602,965,000	5/31/2023	0.10%	602,965
Total Estimated Overlapping Debt				$ 18,982,838
The District's Total Direct Debt (c)				50,105,000
Total Direct and Estimated Overlapping Debt				$ 69,087,838

Direct and Estimated Overlapping Debt as a Percentage of:
2023 Preliminary Taxable Assessed Valuation of $442,450,133 .... 15.61%
Estimated Taxable Assessed Valuation as of June 1, 2023 of $454,105,584 .... 15.21%

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(a) Excludes the Harris County Toll Road Unlimited Tax Bonds in the principal amount of $151,335,000. Historically, Harris County has provided for payment of such debt service from toll road revenues and certain other funds, and no ad valorem tax revenue has been required to pay debt service on such bonds.

(b) Approximately 400 acres in the District are within the Tomball Independent School District and approximately 239 acres in the District are within the Waller Independent School District.

(c) Includes the Outstanding Bonds and the Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (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 2022 tax year by all taxing jurisdictions overlapping the District and the 2022 tax rate of the District. None of the entities below have levied a 2023 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority)…………………………	$ 0.535480
Tomball Independent School District………………………………………	1.230000
Harris County Emergency Services Districts………………………………	0.199883
Lone Star College System…………………………………………………	0.107800
Total Overlapping Tax Rate………………………………………………	$ 2.073163
The District (a)…………………………………………………………	1.270000
Total Tax Rate……………………………………………………………	$ 3.343163 (b)

(a) See "TAX DATA—Historical Tax Rate Distribution."
(b) Approximately 239 acres the District are within the Waller Independent School District, which levied a 2022 tax rate of $1.2946 per $100 of taxable assessed valuation, creating a total 2022 tax rate for taxpayers within this area of $3.407763 per $100 of taxable assessed valuation.

TAX DATA

Debt Service Tax

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

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted May 4, 2019, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation. 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" and "Historical Tax Rate Distribution" herein. At an election held within the District on May 4, 2019, voters authorized the Board to levy a maintenance tax for operation and maintenance costs of road facilities at a rate not to exceed $0.25 per $100 of taxable assessed valuation.

Exemptions

For tax year 2023, the District has granted a $10,000 homestead exemption for individuals disabled and/or 65 years of age or older.

Historical Tax Rate Distribution

	2022		2021	2020	2019
Debt Service Tax	$ 0.59	(a)	$ 0.54	$ 0.35	$ -
Maintenance Tax	0.68		0.81	1.00	1.35
Total District Tax Rate	$ 1.27		$ 1.35	$ 1.35	$ 1.35

(a) The District has adopted a 2022 debt service tax rate of $0.59 per $100 of taxable assessed valuation, of which $0.16 is allocated to Road Bonds and $0.43 is allocated to Water, Sewer and Drainage Bonds.

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 but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) or 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.

Historical Tax Collections

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Tax year 2019 was the initial year of taxation for the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "Tax Roll Information" herein.

	Certified Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections As of 5/31/23 (b) Amount	Percent
2019	$ 11,194,934	$ 1.35	$ 151,132	$ 151,132	100.00%
2020	52,189,843	1.35	704,563	704,563	100.00%
2021	146,682,424	1.35	1,980,213	1,979,817	99.98%
2022	284,014,507	1.27	3,606,984	3,552,879	98.50%

(a) As certified by the Appraisal District. See "Tax Roll Information" below.
(b) Unaudited.

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 2019 through 2022 Certified Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Breakdowns related to the 2023 Preliminary Taxable Assessed Valuation of $442,450,133 and the Estimated Taxable Assessed Valuation as of June 1, 2023 of $454,105,584, are not available.

	Type of Property					
Tax Year	Land	Improvements	Personal Property	Gross Assessed Valuation	Deferments and Exemptions	Taxable Assessed Valuation
2019	$ 9,112,415	$ 2,089,314	$ -	$ 11,201,729	$ (6,795)	$ 11,194,934
2020	25,529,904	28,082,246	205,513	53,817,663	(1,627,820)	52,189,843
2021	42,449,387	109,173,652	635,926	152,258,965	(5,576,541)	146,682,424
2022	64,125,096	230,844,000	1,596,279	296,565,375	(12,550,868)	284,014,507

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed valuation as a percentage of the 2022 Certified Taxable Assessed Valuation of $284,014,507. This represents ownership as of January 1, 2022. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of June 1, 2023 of $454,105,584, is not available. An accurate principal taxpayer list related to the 2023 Preliminary Taxable Assessed Valuation of $442,450,133, which is still under review and subject to adjustments and corrections, is not available as of the date hereof.

Taxpayer	2022 Certified Taxable Assessed Valuation	% of 2022 Certified Taxable Assessed Valuation
Beazer Homes Texas LP & GP 344 Ltd. (a)(b)	$ 8,668,693	3.05%
Beazer Homes Texas LP (a)(b)	6,736,031	2.37%
Perry Homes LLC (a)(b)	5,220,438	1.84%
GP 344 Ltd. (a)(b)	2,524,585	0.89%
Individual	896,624	0.32%
Individual	832,489	0.29%
Individual	586,973	0.21%
Individual	584,275	0.21%
Individual	584,003	0.21%
Individual	579,271	0.20%
Total	$ 27,213,382	9.59%

(a) See "THE DEVELOPERS—GP 344 Ltd. and Beazer Homes Texas, L.P."
(b) Related entities.

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 2023 Preliminary Taxable Assessed Valuation of $442,450,133, which is subject to review and downward adjustment prior to certification, or the Estimated Taxable Assessed Valuation as of June 1, 2023 of $454,105,584. 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 (2024-2049)	$2,826,394
$0.68 Tax Rate on 2023 Preliminary Taxable Assessed Valuation	$2,858,228
$0.66 Tax Rate on Estimated Taxable Assessed Valuation as of June 1, 2023	$2,847,242
Maximum Annual Debt Service Requirement (2025)	$3,676,048
$0.88 Tax Rate on 2023 Preliminary Taxable Assessed Valuation	$3,698,883
$0.86 Tax Rate on Estimated Taxable Assessed Valuation as of June 1, 2023	$3,710,043

No representation or suggestion is made that the 2023 Preliminary Taxable Assessed Valuation will not be adjusted downward prior to certification by the Appraisal District or the Estimated Taxable Assessed Valuation as of June 1, 2023, provided by the Appraisal District for the District, will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the Board 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 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, mobile homes and certain categories of intangible personal property with a tax situs in the District 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; and most individually owned automobiles. 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. For tax year 2023, the District granted a $10,000 homestead exemption for individuals disabled and/or 65 years of age or older. 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 $3,000 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, 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 forced 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 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. 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 allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

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

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

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 After Disaster

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

Additionally, the Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area, and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District was designated as a "Developing District" for the 2022 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value from single-family residences and developed lots. The market value of such properties is related to general economic conditions affecting the demand for properties. Demand for residential tracts and the construction of residential dwellings on vacant lots can be significantly affected by factors such as interest rates, credit availability (see “Credit Markets and Liquidity in the Financial Markets” below), construction costs, energy availability, energy prices and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of the Developers or property owners 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 35 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of the District’s 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 a decline in the nation’s real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of or reduce the District’s property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 35 miles from downtown Houston, could be affected by competition from other developments, including other residential developments located in the western and northwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Undeveloped Acreage and Vacant Lots

As of June 21, 2023, there are approximately 64 developable acres of land within the District that have not been fully provided with water, sewer and drainage facilities necessary to the construction of new development. In addition, the initial stage of construction for Sorella, Sections One through Six (438 lots on approximately 110 acres) is underway with completion of Sections One and Two expected by the end of 2023 and Sections Three through Six in early 2024, and the initial stage of construction for Amira, Sections Thirteen, Twenty-Five and Twenty-Six (197 lots on approximately 52 acres) is underway with completion expected in early 2024. The District makes no representation as to when or if development of undeveloped acreage will occur or when vacant lots will be sold, or the success of any homebuilding programs. Failure of the Developers to develop the developable land or of builders to construct homes on the developed lots could restrict the growth rate of taxable values in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

Landowner Obligation to the District

There are no commitments from or obligations of the Developers, or any other landowner, to the District to proceed at any particular rate or according to any specified plan with the development of land or 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 or developed lots could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable property. See "THE DEVELOPERS."

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 2023 Preliminary Taxable Assessed Valuation, which is subject to review and downward adjustment prior to certification, is $442,450,133. After issuance of the Bonds, the maximum annual debt service requirement will be $3,676,048 (2025), and the average annual debt service requirement will be $2,826,394 (2024-2049 inclusive). Assuming no increase or decrease from the 2023 Preliminary Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.88 and $0.68 and 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 June 1, 2023, is $454,105,584, which reduces the above calculations to $0.86 and $0.66 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 2023 Preliminary Taxable Assessed Valuation will not be adjusted downward prior to certification by the Appraisal District or the Estimated Taxable Assessed Valuation as of June 1, 2023, provided by the Appraisal District for the District, will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

Severe Weather

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017 and brought historic levels of rainfall during the successive four days.

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

Specific Flood Type Risks

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

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

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 931-946. 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. The District's voters have authorized the issuance of $205,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and refunding such bonds, $35,000,000 principal amount of unlimited tax bonds for road facilities and refunding such bonds, and $23,000,000 principal amount of unlimited tax bonds for park and recreational facilities and refunding such bonds, and could authorize additional amounts. After the issuance of the Bonds, $171,150,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities and for refunding such bonds, $18,080,000 principal amount of unlimited tax bonds for road facilities and for refunding such bonds, and all of the unlimited tax bonds authorized for park and recreational facilities and for refunding such bonds will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. The District expects to issue approximately $5,000,000 principal amount of unlimited tax bonds for road facilities in the fourth quarter of 2023.

To date, the Developers have advanced certain funds for construction of facilities for which they have not been reimbursed. After payments are made with Bond proceeds, the District will continue to owe the Developers approximately $16,000,000 plus interest for funds advanced to construct water, sewer and drainage facilities, roads, and parks and recreational facilities. The District intends to issue additional bonds in order to reimburse the Developers for the current amount outstanding and to develop the remainder of undeveloped but developable land (approximately 64 acres). 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. Further, the principal amount of unlimited tax bonds issued by the District for constructing and/or acquiring park and recreational facilities may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities and park and recreational facilities, but not road facilities, must be approved by the TCEQ.

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

Environmental Regulations

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

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are 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 Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

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

The HGB Area is currently designated as a "moderate" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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

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

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

On May 25, 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.

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

Marketability of the Bonds

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

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 Resolution on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "TAX MATTERS."

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

The long-term ratings on the Bonds are 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 description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

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

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified 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 by the District, without limit 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 is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

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

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

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

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the OFFICIAL STATEMENT.

No-Litigation Certificate

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

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations.

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 proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service. The District has covenanted in the Bond Resolution that they will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the District, the and the Underwriter, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations 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, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income 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. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

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 hereof. 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 Internal Revenue Service (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 whether or not 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 during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the OFFICIAL STATEMENT).

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this OFFICIAL STATEMENT, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as “qualified tax-exempt obligations” for financial institutions.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) has assigned a municipal bond rating of “AA” (stable outlook) with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company (“BAM”). Moody’s Investors Service, Inc. (“Moody’s”) has assigned an underlying rating of “Baa2” to the Bonds. An explanation of the ratings may be obtained from S&P and Moody’s. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance” and “MUNICIPAL BOND INSURANCE.”

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

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

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $476.6 million, $196.7 million and $279.9 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from 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 Utility Tax Service, LLC and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Costello, 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 financial statements for the year ended December 31, 2022, were audited by McCall Gibson Swedlund Barfoot PLLC See "APPENDIX A" for a copy of the District's December 31, 2022, financial statements.

Updating the Official Statement

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time 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 Resolution, the District has the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain financial information and operating data to the MSRB through EMMA. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for Estimated Overlapping Debt, "TAX DATA," and in APPENDIX A (Financial Statements of the District). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2023. Any financial statements so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable period to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax 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; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" 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 meanings ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described 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 underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the Registered Owners of a majority in aggregate principal amount of the 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 Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

Since the District's first issuance of bonds in 2020, the District has complied in all material respects with its prior continuing disclosure agreements made 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.

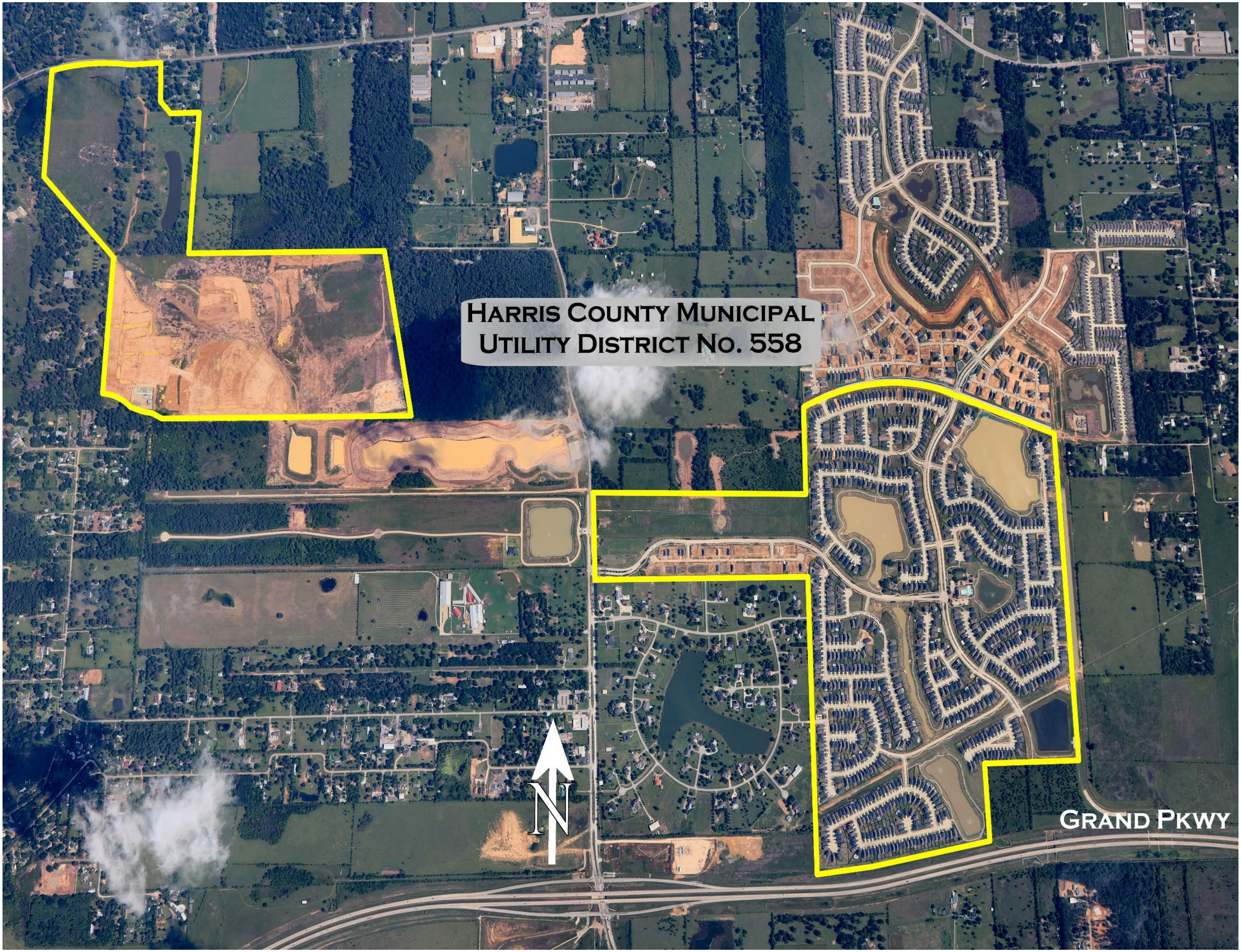
/s/ Steve Bonjonia
President, Board of Directors

ATTEST:

/s/ Christi Miller
Secretary, Board of Directors

AERIAL LOCATION MAP

(As of May 2023)


Harris County Municipal
Utility District No. 558
N
Grand Pkwy

PHOTOGRAPHS OF THE DISTRICT

(As of May 2023)


SOLD


PERRY
HOMES
SOLD
Excellence.
PERRY HOMES
NO PARKING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THE RESORT at AMIRA

APPENDIX A

Financial Statement of the District for the period ended December 31, 2022

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

TABLE OF CONTENTS

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 558
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 558 (the "District") as of and for the year ended December 31, 2022, 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 December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Harris County Municipal Utility District No. 558

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

March 23, 2023

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Management's discussion and analysis of Harris County Municipal Utility District No. 558's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. 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 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 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 the District's assets, liabilities, and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for customer service revenues, property tax revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for 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 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"). A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by $19,517,839 as of December 31, 2022. The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2022	2021	Change Positive (Negative)
Current Assets	$ 6,718,487	$ 3,931,669	$ 2,786,818
Capital Assets (Net of Depreciation)	30,404,903	25,554,273	4,850,630
Total Assets	$ 37,123,390	$ 29,485,942	$ 7,637,448
Due to Developers	$ 20,095,257	$ 19,457,459	$ (637,798)
Bonds Payable	32,209,148	17,456,049	(14,753,099)
Other Liabilities	807,553	535,654	(271,899)
Total Liabilities	$ 53,111,958	$ 37,449,162	$ (15,662,796)
Deferred Inflows of Resources	$ 3,529,271	$ 1,991,597	$ (1,537,674)
Net Position:			
Net Investment in Capital Assets	$ (21,468,258)	$ (10,758,986)	$ (10,709,272)
Restricted	670,943	395,550	275,393
Unrestricted	1,279,476	408,619	870,857
Total Net Position	$ (19,517,839)	$ (9,954,817)	$ (9,563,022)

The following table provides a summary of the District's operations for the years ended December 31, 2022 and December 31, 2021.

Summary of Changes in the Statement of Activities

	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,980,485	$ 703,495	$ 1,276,990
Charges for Services	1,850,054	1,477,343	372,711
Other Revenues	70,211	20,423	49,788
Total Revenues	$ 3,900,750	$ 2,201,261	$ 1,699,489
Expenses for Services	13,463,772	4,720,486	(8,743,286)
Change in Net Position	$ (9,563,022)	$ (2,519,225)	$ (7,043,797)
Net Position, Beginning of Year	(9,954,817)	(7,435,592)	(2,519,225)
Net Position, End of Year	$ (19,517,839)	$ (9,954,817)	$ (9,563,022)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2022, were $2,685,576, an increase of $1,141,703 from the prior year.

The General Fund fund balance increased by $716,212, primarily due to property tax and service revenues exceeding operating costs.

The Debt Service Fund fund balance increased by $437,473, primarily due to the structure of the District's outstanding debt service requirements and the receipt of capitalized interest from the sale of Series 2022 Bonds.

The Capital Projects Fund fund balance decreased by $11,982, primarily due to current year capital costs exceeding current year bond proceeds from the sale of Series 2022 Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopts an unappropriated budget each year. The current year budget was not amended. Actual revenues were $968,445 more than budgeted revenues and actual expenditures were $996,333 more than budgeted expenditures. This resulted in a total negative variance of $27,888. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2022, total $30,404,903 (net of accumulated depreciation) and include land, water, wastewater and drainage systems as well as water and wastewater capacity fees paid to Harris County Municipal Utility District No. 542.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 2,945,901	$ 2,945,901	$
Construction in Progress	7,350		7,350
Capital Assets, Net of Accumulated Depreciation:			
Water System	1,941,999	1,709,550	232,449
Wastewater System	4,170,181	3,457,275	712,906
Drainage System	15,597,344	13,583,955	2,013,389
Capacity in Joint Facilities	5,742,128	3,857,592	1,884,536
Total Net Capital Assets	$ 30,404,903	$ 25,554,273	$ 4,850,630

LONG-TERM DEBT

As of December 31, 2022, the District had total bond debt of $32,105,000. The changes in the debt position of the District during the fiscal year ended December 31, 2022, are as follows:

Bond Debt Payable, January 1, 2022	$ 17,530,000
Add: Bond Sale	15,070,000
Less: Bond Principal Paid	$ 495,000
Bond Debt Payable, December 31, 2022	$ 32,105,000

The District's Unlimited Tax Bonds, Series 2020, Unlimited Tax Road Bonds, Series 2020, Unlimited Tax Road Bonds, Series 2021 and Unlimited Tax Bonds, Series 2021 are not rated. The Series 2022 Bonds have an underlying rating of "Baa3". The Series 2021 Road Bonds and Series 2022 Bonds carry an insured rating from Standard and Poor's of "AA" by virtue of bond insurance issued by Build America Mutual. The ratings above reflect all rating changes of bond insurers through December 31, 2022.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 558, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 643,517	$ 2,909,142
Investments	910,192	925,703
Receivables:		
Property Taxes	305,825	265,329
Service Accounts	197,335	
Builder Damages	24,946	
Due from Other Funds	1,481,619	
Prepaid Costs	6,841	
Advance for Water Plant Operations	61,024	
Advance for Wastewater Treatment Plant Operations	27,925	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 3,659,224	$ 4,100,174

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 64,890	$ 3,617,549	$	$ 3,617,549
375,818	2,211,713		2,211,713
	571,154		571,154
	197,335		197,335
	24,946		24,946
	1,481,619	(1,481,619)	
	6,841		6,841
	61,024		61,024
	27,925		27,925
		2,945,901	2,945,901
		7,350	7,350
		27,451,652	27,451,652
$ 440,708	$ 8,200,106	$ 28,923,284	$ 37,123,390

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 175,572	$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		1,481,619
Due to Taxpayers		3,631
Security Deposits	302,023	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 477,595	$ 1,485,250
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 1,889,904	$ 1,639,817
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 6,841	$
For Water Plant Operations	61,024	
For Wastewater Treatment Plant Operations	27,925	
Restricted for Authorized Construction		
Restricted for Debt Service		975,107
Unassigned	1,195,935	
TOTAL FUND BALANCES	$ 1,291,725	$ 975,107
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,659,224	$ 4,100,174
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 21,964	$ 197,536	$	$ 197,536
		304,363	304,363
		20,095,257	20,095,257
	1,481,619	(1,481,619)	
	3,631		3,631
	302,023		302,023
		520,000	520,000
		31,689,148	31,689,148
$ 21,964	$ 1,984,809	$ 51,127,149	$ 53,111,958
$ -0-	$ 3,529,721	$ (450)	$ 3,529,271
$	$ 6,841	$ (6,841)	$
	61,024	(61,024)	
	27,925	(27,925)	
418,744	418,744	(418,744)	
	975,107	(975,107)	
	1,195,935	(1,195,935)	
$ 418,744	$ 2,685,576	$ (2,685,576)	$ -0-
$ 440,708	$ 8,200,106		
		$ (21,468,258)	$ (21,468,258)
		670,943	670,943
		1,279,476	1,279,476
		$ (19,517,839)	$ (19,517,839)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total Fund Balances - Governmental Funds		$ 2,685,576
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not current financial resources and, therefore, are not reported as assets in the governmental funds.		30,404,903
Deferred inflows of resources related to property tax revenues for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.		450
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (20,095,257)	
Accrued Interest Payable	(304,363)	
Bonds Payable	(32,209,148)	(52,608,768)
Total Net Position - Governmental Activities		$ (19,517,839)

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,190,554	$ 793,030
Water Service	461,483	
Wastewater Service	525,275	
Regional Water Authority Fees	583,200	
Penalty and Interest	26,866	13,462
Tap Connection and Inspection Fees	239,768	
Miscellaneous Revenues	51,299	13,093
TOTAL REVENUES	$ 3,078,445	$ 819,585
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 244,208	$ 5,336
Contracted Services	380,093	34,823
Purchased Water Service	699,171	
Purchased Wastewater Service	174,496	
Purchased Drainage Service	22,601	
Utilities	3,420	
Repairs and Maintenance	622,223	
Depreciation		
Other	208,671	5,532
Conveyance of Assets		
Developer Interest		
Capital Outlay	7,350	
Debt Service:		
Bond Issuance Costs		
Bond Principal		495,000
Bond Interest		444,221
TOTAL EXPENDITURES/EXPENSES	$ 2,362,233	$ 984,912
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 716,212	$ (165,327)
OTHER FINANCING SOURCES (USES)		
Bond Discounts	$	$
Bond Premuim		
Proceeds From Issuance of Long-Term Debt		602,800
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 602,800
NET CHANGE IN FUND BALANCES	$ 716,212	$ 437,473
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2022	575,513	537,634
FUND BALANCES/NET POSITION - DECEMBER 31, 2022	$ 1,291,725	$ 975,107

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,983,584	$ (3,099)	$ 1,980,485
	461,483		461,483
	525,275		525,275
	583,200		583,200
	40,328		40,328
	239,768		239,768
5,819	70,211		70,211
$ 5,819	$ 3,903,849	$ (3,099)	$ 3,900,750
$ 47,872	$ 297,416	$	$ 297,416
	414,916		414,916
	699,171		699,171
	174,496		174,496
	22,601		22,601
	3,420		3,420
	622,223		622,223
		569,306	569,306
335	214,538		214,538
		7,298,649	7,298,649
1,353,010	1,353,010		1,353,010
12,073,437	12,080,787	(12,080,787)	
1,187,138	1,187,138		1,187,138
	495,000	(495,000)	
	444,221	162,667	606,888
$ 14,661,792	$ 18,008,937	$ (4,545,165)	$ 13,463,772
$ (14,655,973)	$ (14,105,088)	$ 4,542,066	$ (9,563,022)
$ (107,856)	$ (107,856)	$ 107,856	$
284,647	284,647	(284,647)	
14,467,200	15,070,000	(15,070,000)	
$ 14,643,991	$ 15,246,791	$ (15,246,791)	$ -0-
$ (11,982)	$ 1,141,703	$ (1,141,703)	$
		(9,563,022)	(9,563,022)
430,726	1,543,873	(11,498,690)	(9,954,817)
$ 418,744	$ 2,685,576	$ (22,203,415)	$ (19,517,839)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Governmental Funds	$ 1,141,703
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenue when collected. However, in the Statement of Activities, revenue is recorded is recorded in the accounting period for which the taxes are levied.	(3,099)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded.	(569,306)
Governmental funds report bond discounts and bond premiums as other financing sources and uses in the year paid. However, in the Statement of Net Position, the bond discounts and premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(176,791)
Governmental funds report bond proceeds as other financing sources. In the government-wide statements, the issuance of long-term debt increases liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(15,070,000)
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.	495,000
Conveyance of assets to Harris County funded by developers on behalf of the District are recorded as an expense.	(7,298,649)
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 or the related developer liability is reduced.	12,080,787
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.	(162,667)
Change in Net Position - Governmental Activities	$ (9,563,022)

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 558, of Harris County, Texas, was created on February 11, 2019, by an Order of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, security and to construct roads and parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on February 11, 2019 and the first bonds were sold on September 24, 2020.

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 Commission.

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

Financial Statement Presentation

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

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

- 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

Fund Financial Statements

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

Governmental Fund

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

General Fund - To account for customer service revenues, property tax revenues, operating costs and general expenditures.

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

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or constriction 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 collectible 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 collectible 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. The 2022 tax levy has been fully deferred to meet operating expenditures of the 2023 fiscal year.

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 December 31, 2022, the Debt Service Fund owes the General Fund $1,481,619 for maintenance tax collections.

Capital Assets

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Joint Facilities	40

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 not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budget amounts, if amended, compared to the actual amounts of revenues and expenditures for the current period.

Pensions

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

Measurement Focus

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

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:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding the changes in bonds payable for the year ended December 31, 2022:

	January 1, 2022	Additions	Retirements	December 31, 2022
Bonds Payable	$ 17,530,000	$ 15,070,000	$ 495,000	$ 32,105,000
Unamortized Discounts	(73,951)	(107,856)	(4,209)	(177,598)
Unamortized Premiums		284,647	2,901	281,746
Bonds Payable, Net	$ 17,456,049	$ 15,246,791	$ 493,692	$ 32,209,148

Amount Due Within One Year	$ 520,000
Amount Due After One Year	31,689,148
Bonds Payable, Net	$ 32,209,148

	Series 2020	Series 2020 Road	Series 2021 Road	Series 2021	Series 2022
Amount Outstanding – December 31, 2022	$ 6,755,000	$ 3,890,000	$ 3,815,000	$ 2,575,000	$ 15,070,000
Interest Rates	1.70% - 3.10%	2.00% - 3.125%	2.25% - 4.75%	1.25% - 3.00%	4.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2023/2045	September 1, 2023/2045	September 1, 2023/2046	September 1, 2023/2046	September 1, 2024/2047
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2025*	September 1, 2025*	September 1, 2026*	September 1, 2027*	September 1, 2028*

* At the option of the District as a whole or in part on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2020 term bonds due September 1, 2036, 2038, 2040, 2042, and 2045, are subject to mandatory redemption beginning September 1, 2035, 2037, 2039, 2041, and 2043, respectively. Series 2020 Road term bonds due September 1, 2036 are subject to mandatory redemption beginning September 1, 2035. Series 2021 Road term bonds due September 1, 2040, 2042, 2044, and 2046 are subject to mandatory redemption beginning September 1, 2039, 2041, 2043, and 2045, respectively. Series 2021 term bonds due September 1, 2041 and 2046 are subject to mandatory redemption beginning September 1, 2039 and 2042, respectively. Series 2022 term bonds due September 1, 2044 and 2047 are subject to mandatory redemption beginning September 1, 2043 and 2045, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2022, the debt service requirements on the outstanding bonds were as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 520,000	$ 1,012,279	$ 1,532,279
2024	1,160,000	1,047,956	2,207,956
2025	1,175,000	1,010,198	2,185,198
2026	1,190,000	965,495	2,155,495
2027	1,210,000	926,110	2,136,110
2028-2032	6,325,000	4,055,969	10,380,969
2033-2037	6,810,000	3,013,559	9,823,559
2038-2042	7,380,000	1,849,780	9,229,780
2043-2047	6,335,000	589,178	6,924,178
	$ 32,105,000	$ 14,470,524	$ 46,575,524

As of December 31, 2022, the District had authorized but unissued tax bonds in the amount of $180,150,000 for utility facilities and refunding purposes, $23,000,000 for recreational facilities and refunding purposes and $27,080,000 for road facilities and refunding purposes. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitations as to rate or amount.

During the year ended December 31, 2022, the District levied an ad valorem water, sewer, and drainage debt service tax rate of $0.43 per $100 of assessed valuation and an ad valorem road debt service tax rate of $0.16 per $100 of assessed valuation, which resulted in a tax levy of $1,639,636 on the adjusted taxable valuation of $277,904,532 for the 2022 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTION 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 be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

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

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. 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 throughout the life of the bonds.

In accordance with the Series 2022 Bond resolution, capitalized interest of $602,800 was deposited into the Debt Service Fund and restricted for the payment of bond interest.

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 $3,617,549 and the bank balance was $1,275,800. Of the bank balance, $687,366 was covered by federal depository insurance. The remaining balance of $588,434 was uncollateralized. Subsequent to year end, collateral was pledged to the District by the bank to cover the bank balance in excess of federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2022, as listed below:

	Cash
GENERAL FUND	$ 643,517
DEBT SERVICE FUND	2,909,142
CAPITAL PROJECTS FUND	64,890
TOTAL DEPOSITS	$ 3,617,549

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexSTAR	$ 910,192	$ 910,192
DEBT SERVICE FUND		
TexSTAR	925,703	925,703
CAPITAL PROJECTS FUND		
TexSTAR	375,818	375,818
TOTAL INVESTMENTS	$ 2,211,713	$ 2,211,713

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2022, the District's investments in TexSTAR 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 its investments in TexSTAR to have maturities 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 have been significant changes in value.

Restrictions – All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the acquisition or construction of facilities and related costs.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

	January 1, 2022	Increases	Decreases	December 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 2,945,901	$	$	$ 2,945,901
Construction in Progress		5,419,936	5,412,586	7,350
Total Capital Assets Not Being Depreciated	$ 2,945,901	$ 5,419,936	$ 5,412,586	$ 2,953,251
Capital Assets Subject to Depreciation				
Water System	$ 1,799,190	$ 268,558	$	$ 2,067,748
Wastewater System	3,632,822	796,933		4,429,755
Drainage Facilities	14,238,101	2,350,102		16,588,203
Capacity in Joint Facilities	4,079,818	1,996,993		6,076,811
Total Capital Assets at Historical Cost Subject to Depreciation	$ 23,749,931	$ 5,412,586	$ -0-	$ 29,162,517
Less Accumulated Depreciation				
Water System	$ 89,640	$ 36,109	$	$ 125,749
Wastewater System	175,547	84,027		259,574
Drainage Facilities	654,146	336,713		990,859
Capacity in Joint Facilities	222,226	112,457		334,683
Total Accumulated Depreciation	$ 1,141,559	$ 569,306	$ -0-	$ 1,710,865
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 22,608,372	$ 4,843,280	$ -0-	$ 27,451,652
Total Capital Assets, Net of Accumulated Depreciation	$ 25,554,273	$ 10,263,216	$ 5,412,586	$ 30,404,903

NOTE 7. MAINTENANCE TAX

On May 4, 2019, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. During the year ended December 31, 2022, the District levied an ad valorem maintenance tax rate of $0.68 per $100 assessed valuation, which resulted in an adjusted tax levy of $1,889,635 on the adjusted taxable valuation of $277,904,532 for the 2022 tax year. The 2022 tax levy has been fully deferred and is budgeted for use in fiscal year 2023.

On May 4, 2019, the voters of the District approved the levy and collection of a road maintenance tax not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of maintaining the District's roads. No road maintenance tax has been levied as of yet.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and construction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. Settlements have not exceeded coverage in the past three years.

NOTE 9. UNREIMBURSED COSTS

The District has entered into certain financing and reimbursement agreements with Developers within the District which provide for the Developers to make payments on behalf of the District for various projects and operating advances. The District has an obligation to reimburse the Developers for these costs from future bond issues to the extent approved by the Commission. The District has recorded a liability to the Developers of $20,095,257 for completed projects and operating advances as of December 31, 2022. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developers. The following table summarizes the current fiscal year activity related to unreimbursed developer costs for completed projects and operating advances:

Due to Developer, beginning of year	$ 19,457,459
Additions	10,949,922
Reimbursements	(10,312,124)
Due to Developer, end of year	$ 20,095,257

NOTE 10. JOINT FACILITIES

Effective August 1, 2019, Beazer Homes Texas, L.P. and GP 344, LTD. (collectively, the “Developers”) and Harris County Municipal Utility District No. 542 (“MUD 542”) entered into a Utility Agreement (the “Agreement”) setting forth the terms pursuant to which MUD 542 would design, construct, and operate certain facilities to serve both MUD 542 and the District. The Agreement provides for the contemplated construction of a water plant and wastewater treatment plant, each to be completed in four phases (collectively, the “Joint Facilities”). Construction costs are allocated based on each district’s proportionate share of capacity for each phase of the Joint Facilities. Upon completion of each phase of Joint Facility construction, MUD 542 shall own, operate, and maintain the Joint Facilities; provided, however, the District shall own an undivided, equitable interest in the applicable Joint Facility based on the District’s payment of its pro-rata share for design and construction thereof. The Agreement further: (i) provides for the financing of future construction or repair of the Joint Facilities and the associated funding responsibilities; and (ii) requires both MUD 542 and the District to pay its pro-rata share of the ongoing operation and maintenance costs of the Joint Facilities. To date, MUD 542 has completed the construction of Phases 1 and 2 of the water plant and Phases 1 and 2 of the wastewater treatment plant and is providing capacity to the District consistent with the terms of

NOTE 10. JOINT FACILITIES (Continued)

the Agreement. Phase 3 of the wastewater treatment plant is currently under construction with an estimated completion of March 2023. The Agreement is for a 50-year term, unless otherwise terminated by mutual agreement of MUD 542 and the District prior thereto.

On December 19, 2019, the Developers and the District executed an Assignment of the Agreement in which the District assumed the Developer's obligations and responsibilities under the Agreement.

The Agreement requires that each district keep on deposit its proportionate share of an operation and maintenance reserve. The District has advanced $61,024 for water plant operations and $27,925 for wastewater plant operations in accordance with the Agreement. The District's share of joint facilities costs during the current year was $699,171 for purchased water service and $174,496 for purchased wastewater service.

The following summary financial data of MUD 542's Joint Water Facilities is presented for the fiscal year ended January 31, 2022. Copies of the financial statements can be obtained from MUD 542's attorney which is Allen Boone Humphries Robinson LLP.

	Joint Water Facilities
Total Assets	$ 143,567
Total Liabilities	36,888
Total Fund Balance	$ 106,679
Total Revenues	$ 668,211
Total Expenditures	668,211
Net Change in Fund Balance	$ -0-
Beginning Fund Balance	106,679
Ending Fund Balance	$ 106,679

NOTE 10. JOINT FACILITIES (Continued)

The following summary financial data of MUD 542's Joint Wastewater Treatment Facilities is presented for the fiscal year ended January 31, 2022. Copies of the financial statements can be obtained from MUD 542's attorney which is Allen Boone Humphries Robinson LLP.

	Joint Wastewater Treatment Facilities
Total Assets	$ 69,194
Total Liabilities	30,679
Total Fund Balance	$ 28,064
Total Revenues	$ 190,145
Total Expenditures	179,694
Net Change in Fund Balance	$ 10,451
Beginning Fund Balance	17,613
Ending Fund Balance	$ 28,064

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to charge a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. As of December 31, 2022, the fees are $4.60 per 1,000 gallons of water pumped from each well and $5.05 per 1,000 gallons of surface water purchased. Purchased water costs paid to MUD 542 include the District's share of Authority fees.

NOTE 12. BOND SALE

On September 29, 2022, the District issued $15,070,000 of Unlimited Tax Bonds, Series 2022. Proceeds from the bond sale were used to reimburse Developers for construction and engineering costs for the following: remote well collection line to serve Rosehill Reserve (MUD 542 water plant no. 1); water well no. 3, remote well to serve MUD 542; wastewater treatment plant 0.30 mgd expansion, phase 2; Amira clearing, mass grading and detention, phases 1 and 2; and water, sewer, and drainage improvements to serve Amira Drive, Cypress Heights Drive, Long Canter Trail and offsite utilities. Additional proceeds were used to pay for issuance costs of the bonds and capitalized interest.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 1,000,000	$ 1,190,554	$ 190,554
Water Service	420,000	461,483	41,483
Wastewater Service	240,000	525,275	285,275
Regional Water Authority Fee		583,200	583,200
Penalty and Interest		26,866	26,866
Tap Connection and Inspection Fees	450,000	239,768	(210,232)
Miscellaneous Revenues		51,299	51,299
TOTAL REVENUES	$ 2,110,000	$ 3,078,445	$ 968,445
EXPENDITURES			
Service Operations:			
Professional Fees	$ 225,000	$ 244,208	$ (19,208)
Contracted Services	146,000	380,093	(234,093)
Purchased Water Service	250,000	699,171	(449,171)
Purchased Wastewater Service	75,000	174,496	(99,496)
Purchased Drainage Service	25,000	22,601	2,399
Utilities	3,000	3,420	(420)
Repairs and Maintenance	300,000	622,223	(322,223)
Other	341,900	208,671	133,229
Capital Outlay		7,350	(7,350)
TOTAL EXPENDITURES	$ 1,365,900	$ 2,362,233	$ (996,333)
NET CHANGE IN FUND BALANCE	$ 744,100	$ 716,212	$ (27,888)
FUND BALANCE - JANUARY 1, 2022	575,513	575,513	
FUND BALANCE - DECEMBER 31, 2022	$ 1,319,613	$ 1,291,725	$ (27,888)

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2022

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective August 25, 2022.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ -0-	None	N	$ 4.00	0,001 and up
WASTEWATER:	$ 50.50	None	Y	N/A	N/A
SURCHARGE: Water Authority Fees	Groundwater pumpage plus 10%		N	$ 5.06	0,001 and up

District employs winter averaging for wastewater usage?

Yes	No
	X

Total monthly charges per 10,000 gallons usage: Water: $40.00 Wastewater: $50.50 Surcharge: $50.60

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	953	951	x 1.0	951
1"	1	1	x 2.5	3
1½"	1	1	x 5.0	5
2"	2	2	x 8.0	16
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	957	955		975
Total Wastewater Connections	955	953	x 1.0	953

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

Gallons billed to customers:	134,092,000	Water Accountability Ratio: 100% (Gallons billed/Gallons purchased)
Total Gallons Purchased:	134,092,000	From: Harris County Municipal Utility District No. 542

See accompanying independent auditor's report.

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all __X__

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

Entirely __X__ Partly _____ Not at all _____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022

PROFESSIONAL FEES:		
Auditing	$	14,250
Engineering		76,816
Legal		153,142
TOTAL PROFESSIONAL FEES	$	244,208
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	699,171
Purchased Wastewater Service		174,496
Purchased Drainage Service		22,601
TOTAL PURCHASED SERVICES FOR RESALE	$	896,268
CONTRACTED SERVICES:		
Bookkeeping	$	17,538
Operations and Billing		50,765
Security		75,175
Solid Waste Disposal		236,615
TOTAL CONTRACTED SERVICES	$	380,093
TOTAL UTILITIES	$	3,420
REPAIRS AND MAINTENANCE	$	622,223
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	10,950
Dues		700
Insurance		7,510
Office Supplies and Postage		13,844
Payroll Taxes		562
Travel and Meetings		8,914
Other		13,050
TOTAL ADMINISTRATIVE EXPENDITURES	$	55,530

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022

CAPITAL OUTLAY	$	7,350
TAP CONNECTIONS	$	92,530
OTHER EXPENDITURES:		
Laboratory Fees	$	1,266
Permit Fees		1,646
Inspection Fees		53,155
Regulatory Assessment		4,544
TOTAL OTHER EXPENDITURES	$	60,611
TOTAL EXPENDITURES	$	2,362,233

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
INVESTMENTS
DECEMBER 31, 2022

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexSTAR	XXXX0220	Varies	Daily	$ 910,192	$ -0-
DEBT SERVICE FUND					
TexSTAR	XXXX3331	Varies	Daily	$ 155,065	$
TexSTAR	XXXX3330	Varies	Daily	770,638	
TOTAL DEBT SERVICE FUND				$ 925,703	$ -0-
CAPITAL PROJECTS FUND					
TexSTAR	XXXX4440	Varies	Daily	$ 162,578	$
TexSTAR	XXXX4441	Varies	Daily	213,240	
TOTAL CAPITAL PROJECTS FUND				$ 375,818	$ -0-
TOTAL - ALL FUNDS				$ 2,211,713	$ -0-

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2022	$ 251,053		$ 166,536	
Adjustments to Beginning Balance	(6,782)	$ 244,271	(4,445)	$ 162,091
Original 2022 Tax Levy	$ 1,767,539		$ 1,533,600	
Adjustment to 2022 Tax Levy	122,096	1,889,635	106,036	$ 1,639,636
TOTAL TO BE ACCOUNTED FOR		$ 2,133,906		$ 1,801,727
TAX COLLECTIONS:				
Prior Year	$ 244,020		$ 161,892	
Current Year	1,584,061	1,828,081	1,374,506	$ 1,536,398
TAXES RECEIVABLE - DECEMBER 31, 2022		$ 305,825		$ 265,329
TAXES RECEIVABLE BY YEAR:				
2022		$ 305,574		$ 265,130
2021		251		199
TOTAL		$ 305,825		$ 265,329

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021	2020	2019
PROPERTY VALUATIONS:				
Land	$ 57,121,488	$ 42,449,387	$ 21,133,471	$ 4,499,040
Improvements	230,787,375	109,185,652	28,082,246	2,089,314
Personal Property	1,110,850	245,824	205,513	0
Exemptions	(11,115,181)	(4,355,134)	(1,435,066)	(6,795)
TOTAL PROPERTY VALUATIONS	$ 277,904,532	$ 147,525,729	$ 47,986,164	$ 6,581,559
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.43	$ 0.30	$ 0.350	$ 0.00
Road Debt Service	0.16	0.24	0.00	0.00
Maintenance	0.68	0.81	1.00	1.35
TOTAL TAX RATES PER $100 VALUATION	$ 1.27	$ 1.35	$ 1.35	$ 1.35
ADJUSTED TAX LEVY*	$ 3,529,271	$ 1,991,597	$ 647,814	$ 88,851
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	83.83 %	99.98 %	100.00 %	100.00 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on May 4, 2019.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
LONG TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	S E R I E S - 2 0 2 0		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	$ 185,000	$ 181,220	$ 366,220
2024	190,000	178,075	368,075
2025	200,000	174,655	374,655
2026	205,000	170,855	375,855
2027	215,000	166,755	381,755
2028	225,000	162,455	387,455
2029	235,000	157,730	392,730
2030	245,000	152,560	397,560
2031	255,000	146,925	401,925
2032	260,000	140,805	400,805
2033	275,000	134,305	409,305
2034	285,000	127,155	412,155
2035	295,000	119,460	414,460
2036	305,000	111,200	416,200
2037	320,000	102,660	422,660
2038	330,000	93,060	423,060
2039	345,000	83,160	428,160
2040	360,000	72,810	432,810
2041	375,000	62,010	437,010
2042	390,000	50,760	440,760
2043	405,000	39,060	444,060
2044	420,000	26,505	446,505
2045	435,000	13,485	448,485
2046			
2047			
	$ 6,755,000	$ 2,667,665	$ 9,422,665

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
LONG TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	SERIES-2020 ROAD		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	$ 115,000	$ 107,844	$ 222,844
2024	115,000	105,544	220,544
2025	120,000	103,244	223,244
2026	125,000	100,844	225,844
2027	130,000	98,219	228,219
2028	135,000	95,359	230,359
2029	140,000	92,254	232,254
2030	145,000	88,894	233,894
2031	150,000	85,269	235,269
2032	155,000	81,369	236,369
2033	160,000	77,184	237,184
2034	165,000	72,704	237,704
2035	170,000	67,919	237,919
2036	175,000	62,819	237,819
2037	185,000	57,569	242,569
2038	190,000	52,019	242,019
2039	195,000	46,319	241,319
2040	200,000	40,469	240,469
2041	210,000	34,469	244,469
2042	215,000	28,169	243,169
2043	225,000	21,719	246,719
2044	230,000	14,687	244,687
2045	240,000	7,500	247,500
2046			
2047			
	$ 3,890,000	$ 1,542,386	$ 5,432,386

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
LONG TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	S E R I E S - 2 0 2 1 R O A D		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	$ 110,000	$ 98,863	$ 208,863
2024	115,000	93,638	208,638
2025	115,000	88,175	203,175
2026	120,000	82,712	202,712
2027	125,000	77,012	202,012
2028	130,000	74,200	204,200
2029	130,000	71,275	201,275
2030	135,000	68,350	203,350
2031	140,000	65,312	205,312
2032	145,000	62,162	207,162
2033	150,000	58,900	208,900
2034	155,000	55,525	210,525
2035	160,000	52,037	212,037
2036	165,000	48,437	213,437
2037	165,000	44,725	209,725
2038	170,000	41,013	211,013
2039	180,000	37,188	217,188
2040	185,000	33,138	218,138
2041	190,000	28,975	218,975
2042	195,000	24,463	219,463
2043	200,000	19,831	219,831
2044	205,000	15,081	220,081
2045	210,000	10,213	220,213
2046	220,000	5,225	225,225
2047			
	$ 3,815,000	$ 1,256,450	$ 5,071,450

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
LONG TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	S E R I E S - 2 0 2 1		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	$ 110,000	$ 60,465	$ 170,465
2024	110,000	59,255	169,255
2025	110,000	57,880	167,880
2026	110,000	56,340	166,340
2027	110,000	54,580	164,580
2028	110,000	52,600	162,600
2029	110,000	50,510	160,510
2030	110,000	48,310	158,310
2031	110,000	46,110	156,110
2032	110,000	43,800	153,800
2033	110,000	41,380	151,380
2034	105,000	38,850	143,850
2035	105,000	36,330	141,330
2036	105,000	33,705	138,705
2037	105,000	30,975	135,975
2038	105,000	28,140	133,140
2039	105,000	25,200	130,200
2040	105,000	22,050	127,050
2041	105,000	18,900	123,900
2042	105,000	15,750	120,750
2043	105,000	12,600	117,600
2044	105,000	9,450	114,450
2045	105,000	6,300	111,300
2046	105,000	3,150	108,150
2047			
	$ 2,575,000	$ 852,630	$ 3,427,630

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
LONG TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	S E R I E S - 2 0 2 2		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	$	$ 563,887	$ 563,887
2024	630,000	611,444	1,241,444
2025	630,000	586,244	1,216,244
2026	630,000	554,744	1,184,744
2027	630,000	529,544	1,159,544
2028	630,000	504,344	1,134,344
2029	630,000	479,144	1,109,144
2030	630,000	453,944	1,083,944
2031	630,000	428,744	1,058,744
2032	630,000	403,544	1,033,544
2033	630,000	378,344	1,008,344
2034	630,000	353,144	983,144
2035	630,000	327,944	957,944
2036	630,000	302,744	932,744
2037	630,000	277,544	907,544
2038	625,000	252,344	877,344
2039	625,000	227,344	852,344
2040	625,000	202,344	827,344
2041	625,000	177,343	802,343
2042	625,000	152,343	777,343
2043	625,000	127,343	752,343
2044	625,000	102,343	727,343
2045	625,000	77,343	702,343
2046	625,000	51,562	676,562
2047	625,000	25,781	650,781
	$ 15,070,000	$ 8,151,393	$ 23,221,393

See accompanying independent auditor’s report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
LONG TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	$ 520,000	$ 1,012,279	$ 1,532,279
2024	1,160,000	1,047,956	2,207,956
2025	1,175,000	1,010,198	2,185,198
2026	1,190,000	965,495	2,155,495
2027	1,210,000	926,110	2,136,110
2028	1,230,000	888,958	2,118,958
2029	1,245,000	850,913	2,095,913
2030	1,265,000	812,058	2,077,058
2031	1,285,000	772,360	2,057,360
2032	1,300,000	731,680	2,031,680
2033	1,325,000	690,113	2,015,113
2034	1,340,000	647,378	1,987,378
2035	1,360,000	603,690	1,963,690
2036	1,380,000	558,905	1,938,905
2037	1,405,000	513,473	1,918,473
2038	1,420,000	466,576	1,886,576
2039	1,450,000	419,211	1,869,211
2040	1,475,000	370,811	1,845,811
2041	1,505,000	321,697	1,826,697
2042	1,530,000	271,485	1,801,485
2043	1,560,000	220,553	1,780,553
2044	1,585,000	168,066	1,753,066
2045	1,615,000	114,841	1,729,841
2046	950,000	59,937	1,009,937
2047	625,000	25,781	650,781
	$ 32,105,000	$ 14,470,524	$ 46,575,524

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2022

Description	Original Bonds Issued	Bonds Outstanding January 1, 2022
Harris County Municipal Utility District No. 558 Unlimited Tax Bonds - Series 2020	$ 7,100,000	$ 6,930,000
Harris County Municipal Utility District No. 558 Unlimited Tax Road Bonds - Series 2020	4,000,000	4,000,000
Harris County Municipal Utility District No. 558 Unlimited Tax Road Bonds - Series 2021	3,920,000	3,920,000
Harris County Municipal Utility District No. 558 Unlimited Tax Bonds - Series 2021	2,680,000	2,680,000
Harris County Municipal Utility District No. 558 Unlimited Tax Bonds - Series 2022	15,070,000	
TOTAL	$ 32,770,000	$ 17,530,000

Bond Authority:	Utility Facilities*	Recreational Facilities Bonds*	Road Bonds*
Amount Authorized by Voters	$ 205,000,000	$ 23,000,000	$ 35,000,000
Amount Issued	24,850,000		7,920,000
Remaining to be Issued	$ 180,150,000	$ 23,000,000	$ 27,080,000

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

* Includes refunding bonds authorization.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	December 31, 2022	Paying Agent
$	$ 175,000	$ 184,020	$ 6,755,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	110,000	110,044	3,890,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	105,000	103,850	3,815,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	105,000	46,307	2,575,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
15,070,000			15,070,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 15,070,000	$ 495,000	$ 444,221	$ 32,105,000	

Debt Service Fund cash balance as of December 31, 2022:	$ 3,834,845
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,863,021

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FOUR YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	$ 1,190,554	$ 518,154	$ 151,132
Water Service	461,483	283,842	122,454
Wastewater Service	525,275	344,955	158,543
Regional Water Authority Fee	583,200	351,843	138,861
Penalty and Interest	26,866	17,116	1,571
Tap Connection and Inspection Fees	239,768	468,025	457,959
Miscellaneous Revenues	51,299	19,764	11,791
TOTAL REVENUES	$ 3,078,445	$ 2,003,699	$ 1,042,311
EXPENDITURES			
Professional Fees	$ 244,208	$ 199,589	$ 191,715
Contracted Services	380,093	234,446	71,539
Purchased Water Service	699,171	295,655	202,426
Purchased Wastewater Service	174,496	89,114	53,392
Purchased Drainage Service	22,601	10,278	5,403
Utilities	3,420	2,894	1,520
Repairs and Maintenance	622,223	324,568	284,994
Other	208,671	313,402	254,371
Capital Outlay	7,350		
TOTAL EXPENDITURES	$ 2,362,233	$ 1,469,946	$ 1,065,360
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 716,212	$ 533,753	$ (23,049)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$	$ (46,957)	$
Developer Advances			132,500
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ (46,957)	$ 132,500
NET CHANGE IN FUND BALANCE	$ 716,212	$ 486,796	$ 109,451
BEGINNING FUND BALANCE	575,513	88,717	(20,734)
ENDING FUND BALANCE	$ 1,291,725	$ 575,513	$ 88,717

See accompanying independent auditor’s report.

	Percentage of Total Revenues			
2019	2022	2021	2020	2019
$	38.6 %	25.7 %	14.6 %	%
14,321	15.0	14.2	11.7	4.8
20,238	17.1	17.2	15.2	6.9
14,804	18.9	17.6	13.3	5.0
606	0.9	0.9	0.2	0.2
242,170	7.8	23.4	43.9	82.3
2,280	1.7	1.0	1.1	0.8
$ 294,419	100.0 %	100.0 %	100.0 %	100.0 %
$ 131,403	7.9 %	10.0 %	18.4 %	44.6 %
18,785	12.3	11.7	6.9	6.4
123,757	22.7	14.8	19.4	42.0
37,484	5.7	4.4	5.1	12.7
46,413	0.7	0.5	0.5	15.8
	0.1	0.1	0.1	
88,822	20.2	16.2	27.3	30.2
143,934	6.8	15.6	24.4	48.9
49,555	0.2			16.8
$ 640,153	76.6 %	73.3 %	102.1 %	217.4 %
$ (345,734)	23.4 %	26.7 %	(2.1) %	(117.4) %
$				
325,000				
$ 325,000				
$ (20,734)				
$ (20,734)				

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FOUR YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	$ 793,030	$ 181,792	$
Penalty and Interest	13,462	11,562	74,483
Miscellaneous Revenues	13,093	659	233
TOTAL REVENUES	$ 819,585	$ 194,013	$ 74,716
EXPENDITURES			
Tax Collection Expenditures	$ 41,941	$ 25,117	$ 15,084
Debt Service Principal	495,000	170,000	
Debt Service Interest and Fees	447,971	279,486	
TOTAL EXPENDITURES	$ 984,912	$ 474,603	$ 15,084
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (165,327)	$ (280,590)	$ 59,632
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-Term Debt	$ 602,800	$ 165,365	$ 593,227
NET CHANGE IN FUND BALANCE	$ 437,473	$ (115,225)	$ 652,859
BEGINNING FUND BALANCE	537,634	652,859	
ENDING FUND BALANCE	$ 975,107	$ 537,634	$ 652,859
TOTAL ACTIVE RETAIL WATER CONNECTIONS	955	784	445
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	953	782	444

See accompanying independent auditor’s report.

	Percentage of Total Revenues			
2019	2022	2021	2020	2019
$	96.8 %	93.7 %	%	%
	1.6	6.0	99.7	
	1.6	0.3	0.3	
$	100.0 %	100.0 %	100.0 %	N/A %
$	5.1 %	12.9 %	20.2 %	%
	60.4	87.6		
	54.7	144.1		
$	120.2 %	244.6 %	20.2 %	N/A %
$	(20.2) %	(144.6) %	79.8 %	N/A %
$				
$				
$ N/A				
151				
150				

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022

District Mailing Address - Harris County Municipal Utility District No. 558
c/o 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 December 31, 2022	Expense Reimbursements for the year ended December 31, 2022	Title
Steve Bonjonia	05/20 05/24 (Elected)	$ 1,500	$ 221	President
Russell Daniels	05/22 05/26 (Elected)	$ 1,950	$ 1,577	Vice President
Christi Miller	05/20 05/24 (Elected)	$ 1,650	$ 705	Secretary
Robert Long III	05/22 05/26 (Elected)	$ 1,650	$ 2,093	Assistant Secretary
Zamara Garcia	05/22 05/26 (Elected)	$ 2,100	$ 1,497	Assistant Vice President

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

Submission date of most recent District Registration Form: May 26, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on February 11, 2019. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 558
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022

Consultants:	Date Hired	Fees for the year ended December 31, 2022	Title
Allen Boone Humphries Robinson LLP	02/11/19	$ 201,014 $ 350,712	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	12/19/19	$ 14,250 $ 17,750	Auditor Bond Related
Myrtle Cruz, Inc.	03/28/19	$ 22,014	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/25/19	$ 5,336	Delinquent Tax Attorney
Costello, Inc.	03/28/19	$ 84,166	Engineer
Mary Jarmon	03/28/19	$ -0-	Investment Officer
Masterson Advisors LLC	03/28/19	$ 255,373	Financial Advisor
Utility Tax Service, LLC	03/28/19	$ 17,703	Tax Assessor/ Collector
Municipal District Services, LLC	04/25/19	$ 469,634	Operator

See accompanying independent auditor’s report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

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