OFFICIAL STATEMENT DATED AUGUST 20, 2024

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

The Bonds are **not** designated as "qualified tax-exempt obligations" for financial institutions. See "LEGAL MATTERS—Not Qualified Tax-Exempt Obligations."

NEW ISSUE – Book-Entry-Only **S&P Global Ratings (AG Insured) ...."AA"**

$4,830,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 465

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

UNLIMITED TAX BONDS, SERIES 2024

Dated Date: September 1, 2024
Interest Accrues: Date of Delivery **Due: September 1, as shown on the inside cover**

The $4,830,000 Unlimited Tax Bonds, Series 2024 (the "Bonds") are obligations of Harris County Municipal Utility District No. 465 (the "District") and are not obligations of the State of Texas; Harris County, Texas (the "County"); the City of Houston, Texas (the "City"); or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated September 1, 2024 with interest accruing from the initial date of delivery (expected to be September 19, 2024) (the "Date of Delivery"), and is payable March 1, 2025, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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, in turn, will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS—Book-Entry-Only System."

ASSURED GUARANTY®

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

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover.

The Bonds are the fourth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring water, wastewater, and drainage facilities to serve the District (the "Utility System"). At an election held within the District on May 12, 2007, voters of the District authorized the District's issuance of $80,250,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the water, wastewater, and drainage facilities to serve the Utility System and $120,375,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; $38,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System") and $57,450,000 principal amount of unlimited tax bonds for the refunding of such bonds. At a separate election on May 4, 2019, voters of the District also authorized the District's issuance of $167,690,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and refunding of such bonds; $107,980,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System and refunding of such bonds; and $27,635,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities to serve the District (the "Park System") and refunding of such bonds.

The Bonds, when issued, will constitute valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS—Source of Payment."

Investment in the Bonds is subject to special risk factors as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "RISK FACTORS," before making an investment decision. See "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the initial purchaser of the Bonds (the "Initial Purchaser"), subject, among other things, to the approval of the Attorney General of Texas and of Coats Rose, P.C., Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about September 19, 2024.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$4,830,000 Unlimited Tax Bonds

Series 2024

Maturity (September 1)	Principal Amount		Interest Rate		Initial Reoffering Yield (a)		CUSIP Number (b)	Maturity (September 1)	Principal Amount		Interest Rate		Initial Reoffering Yield (a)		CUSIP Number (b)
2025	$ 120,000		6.500	%	3.40	%	41430C DC8	***	***		***	%	***	%	***
2026	105,000		6.500		3.40		41430C DD6	2039	200,000	(c)	4.000		4.05		41430C DS3
2027	110,000		6.500		3.40		41430C DE4	2040	210,000	(c)	4.000		4.10		41430C DT1
2028	115,000		6.500		3.40		41430C DF1	2041	220,000	(c)	4.000		4.15		41430C DU8
2029	120,000		6.500		3.40		41430C DG9	2042	230,000	(c)	4.000		4.18		41430C DV6
2030	125,000		6.500		3.40		41430C DH7	2043	245,000	(c)	4.000		4.21		41430C DW4
2031	135,000	(c)	6.375		3.40		41430C DJ3	2044	255,000	(c)	4.000		4.24		41430C DX2
2032	140,000	(c)	5.000		3.45		41430C DK0	2045	270,000	(c)	4.000		4.27		41430C DY0
2033	145,000	(c)	4.000		3.55		41430C DL8	2046	285,000	(c)	4.125		4.30		41430C DZ7
2034	155,000	(c)	4.000		3.65		41430C DM6	2047	300,000	(c)	4.125		4.32		41430C EA1
2035	160,000	(c)	4.000		3.75		41430C DN4	2048	315,000	(c)	4.125		4.34		41430C EB9
2036	170,000	(c)	4.000		3.85		41430C DP9	2049	330,000	(c)	4.125		4.35		41430C EC7

$370,000 Term Bond due September 1, 2038 (c,d), 41430C DR5 (b), 4.000% Interest Rate, 4.00% Yield (a)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest from the most recent Interest Payment Date to the date fixed for redemption. See "THE BONDS—Redemption of the Bonds – *Optional Redemption*."

(d) The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption of the Bonds – *Mandatory Redemption*."

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 or the Initial Purchaser.

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 Bond Counsel (herein defined), for further information.

The Financial Advisor (herein defined) has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility 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.

This Official Statement is not to be used in connection with 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.

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 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, other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "CONTINUING DISCLOSURE OF INFORMATION" and "PREPARATION OF OFFICIAL STATEMENT—Updating of Official Statement."

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

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 any purpose.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover of this Official Statement at a price of 97.007935% of par, resulting in a net effective interest rate of 4.368611%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by, and are the sole responsibility of, the Initial Purchaser.

Prices and Marketability

Subject to certain restrictions regarding the "hold-the-offering-price" rule as described in the Official Notice of Sale, the delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the Date of Delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the sole responsibility of the Initial Purchaser.

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the SEC 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; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

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

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

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG's insurance financial strength rating of "AA+" (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

	As of June 30, 2024		
	(dollars in millions)		
	AG **(Actual)**	**AGM** **(Actual)**	**AG** **(Pro Forma Combined)**
Policyholders' surplus	$1,649	$2,599	$3,960[1]
Contingency reserve	$421	$910	$1,331
Net unearned premium reserves and net deferred ceding commission income	$355	$2,078[2]	$2,433[2]

(1) Net of intercompany eliminations.

(2) Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

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

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

Miscellaneous Matters

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

RATINGS

The Bonds are expected to receive an insured rating of “AA” (stable outlook) from S&P solely in reliance upon the issuance and delivery of the Policy by the Insurer at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols “AAA” (the highest rating) through “D” (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The District is not aware of any rating assigned to the Bonds other than the rating discussed above.

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The District....................	Harris County Municipal Utility District No. 465 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas (the "County"). See "THE DISTRICT."
The Bonds....................	The District is issuing its $4,830,000 Unlimited Tax Bonds, Series 2024 (the "Bonds"). The Bonds are dated September 1, 2024, and mature serially on September 1 in each of the years and principal amounts set forth on the inside cover of this Official Statement. Interest accrues from the initial date of delivery (expected to be September 19, 2024) (the "Date of Delivery"), at the rates per annum set forth on the inside cover of this Official Statement and is payable on March 1, 2025, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption....................	Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2030, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS—Redemption Provisions – *Optional Redemption*." The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions – *Mandatory Redemption*."
Source of Payment....................	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas (the "State"); Harris County, Texas (the "County"); the City of Houston, Texas (the "City"); or any other political subdivision or entity other than the District. See "THE BONDS—Source of Payment."
Payment Record....................	The Bonds are the fourth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring water, wastewater, and drainage facilities to serve the District (the "Utility System"). See "THE BONDS—Source of Payment."
Outstanding Bonds....................	The District has previously issued three series of bonds for the purpose of acquiring or constructing the Utility System (the "Outstanding Bonds"), of which $23,410,000 principal amount remains outstanding as of the Date of Delivery. See THE BONDS—Outstanding Bonds."
Authority for Issuance....................	At an election held within the District on May 12, 2007, voters of the District authorized the District's issuance of $80,250,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and $120,375,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; $38,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System") and $57,450,000 principal amount of unlimited tax bonds for the refunding of such bonds. At a separate election on May 4, 2019, voters of the District also authorized the District's issuance of

$167,690,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and refunding of such bonds; $107,980,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System and refunding of such bonds; and $27,635,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities to serve the District (the "Park System") and refunding of such bonds.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code and Chapter 8157 of the Texas Special District Local Laws Code; (ii) an election held within the District on May 12, 2007; (iii) an order adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Order"); and (iv) an order of the Texas Commission on Environmental Quality (the "TCEQ"). See "THE BONDS—Authority for Issuance."

Use of Proceeds.. Proceeds from the sale of the Bonds will be used to pay for the improvements and related costs shown under "THE BONDS—Use and Distribution of Bond Proceeds." Additionally, proceeds from the sale of the Bonds will be used to pay developer's interest, six (6) months of capitalized interest and other certain costs associated with the issuance of the Bonds. See "THE BONDS—Use and Distribution of Bond Proceeds."

Not Qualified Tax-Exempt Obligations.............. The Bonds are **not** designated as "Qualified Tax-Exempt Obligations" for financial institutions. See "LEGAL MATTERS—Not Qualified Tax-Exempt Obligations."

Municipal Bond Insurance and Rating............... ASSURED GUARANTY INC. ("AG"). See "MUNICIPAL BOND INSURANCE." S&P Global Ratings (Insured): "AA" (stable outlook). See "RATINGS."

Bond Counsel.. Coats Rose, P.C., Houston, Texas.

Disclosure Counsel.. Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

Financial Advisor.. Robert W. Baird & Co. Incorporated, Houston, Texas.

Engineer... Elevation Land Solutions, Houston, Texas.

THE DISTRICT

Description.. The District was created by Senate Bill No. 1888, Acts of the 79th Texas Legislature, Regular Session, 2005, codified as Chapter 8157, Texas Special District Local Laws Code, and by a confirmation election held within the District on May 12, 2007. The District's boundaries were corrected by House Bill 4154, Acts of the 84th Texas Legislature, regular Session, 2015, codified as Chapter 8151, Special District Local Laws Code, effective September 1, 2015. On June 18, 2024, the District annexed two non-contiguous tracts of land totaling approximately 76.851 acres into the District (collectively the "Annexation Tract"). After such annexation, the District comprises of approximately 397.63 total acres and is situated entirely within the County, the extraterritorial jurisdiction of the City, and the boundaries of Katy Independent School District. See "THE DISTRICT—Authority" and "THE DISTRICT—Description."

Location .... The District is located approximately 30 miles west of the central business district of the City. The District is bounded by on the north by Longenbaugh Road, on the east by Katy-Hockley Road, and on the south by Farm to Market Road 529. See "THE DISTRICT—Description."

Winward & Winward Cove .... The District is part of the residential community known as Winward. Winward includes 811 homes. The Developer is currently under contract to purchase the Annexation Tract for development of Windward Cove. The current lot plan for Winward Cove includes 220 total lots, to be developed in phases. See "DEVELOPMENT OF THE DISTRICT—Winward."

The Developer .... Land within the District is being developed by Friendswood Development Company (the "Developer"), which is wholly-owned by Lennar Corporation. See "THE DEVELOPER."

Development within the District............................ To date, approximately 165 acres within the District have been developed as 811 single-family lots in the following single-family residential subdivisions: Winward, Sections 1 through 12. As of July 1, 2024, development within the District consisted of approximately 811 completed homes (811 occupied), no homes under construction or vacant, developed lots. The remainder of the land within the District includes approximately 156 undevelopable acres and approximately 77 additional developable acres. See "DEVELOPMENT OF THE DISTRICT—Status of Development within the District."

RISK FACTORS

THE BONDS ARE SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "RISK FACTORS," BEFORE MAKING AN INVESTMENT DECISION.

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2023 Certified Taxable Assessed Valuation	$ 125,652,119	(a)
2024 Certified Estimated Taxable Assessed Valuation	$ 214,276,410	(b)
Direct Debt:		
The Outstanding Bonds (as of the Date of Delivery)	$ 23,410,000	
The Bonds	4,830,000	
Total	$ 28,240,000	
Estimated Overlapping Debt	5,417,646	(c)
Total Direct and Estimated Overlapping Debt	$ 33,657,646	(c)
Direct Debt Ratios:		
As a Percentage of the 2023 Certified Taxable Assessed Valuation	22.47%	
As a Percentage of the 2024 Certified Estimated Taxable Assessed Valuation	13.18%	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2023 Certified Taxable Assessed Valuation	26.79%	
As a Percentage of the 2024 Certified Estimated Taxable Assessed Valuation	15.71%	
Debt Service Fund Balance (as of June 18, 2024)	$ 1,369,698	(d)
Operating Fund Balance (as of June 18, 2024)	$ 1,026,997	
Operating Plant Improvement Fund Balance (as of June 18, 2024)	$ 349,382	
Capital Projects Fund Balance (as of June 18, 2024)	$ 227,140	(e)
2023 Tax Rate:		
Debt Service	$ 0.87	
Maintenance and Operations	0.58	
Total	$ 1.45	
Average Annual Debt Service Requirement (2025-2049)	$ 1,868,892	(f)
Maximum Annual Debt Service Requirement (2047)	$ 1,992,806	(f)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2025-2049)		
Based on the 2023 Certified Taxable Assessed Valuation at 95% Tax Collections	$ 1.57	
Based on the 2024 Certified Estimated Taxable Assessed Valuation, at 95% Tax Collections	$ 0.92	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2047)		
Based on the 2023 Certified Taxable Assessed Valuation at 95% Tax Collections	$ 1.67	
Based on the 2024 Certified Estimated Taxable Assessed Valuation, at 95% Tax Collections	$ 0.98	
Number of Homes Completed (811 occupied)	811	
2024 Estimated Population	2,839	(g)

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2023, as provided by the Harris County Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of all taxable property located within the District as of January 1, 2024, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2023, through January 1, 2024. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement."

(d) At the time of closing of the Bonds, six (6) months of capitalized interest on the Bonds will be deposited into the District's Debt Service Fund (herein defined). The balance represented above does not include such amount, but does include the District's September 1, 2024 debt service requirement in the amount of $875,059. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund.

(e) Of such funds listed above, $224,000 will be applied towards the issuance of the Bonds. See "THE BONDS—Use and Distribution of Bond Proceeds."

(f) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT—Debt Service Requirement Schedule."

(g) Based upon 3.5 persons per occupied residence.

$4,830,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 465

UNLIMITED TAX BONDS

SERIES 2024

INTRODUCTION

This Official Statement of Harris County Municipal Utility District No. 465 (the "District") is provided to furnish information with respect to the issuance by the District of its $4,830,000 Unlimited Tax Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code and Chapter 8157 of the Texas Special District Local Laws Code; (ii) an election held within the District on May 12, 2007; (iii) an order adopted by the Board of Directors of the District (the "Board") on the date of sale of the Bonds (the "Bond Order"); and (iv) an order of the Texas Commission on Environmental Quality (the "TCEQ").

This Official Statement includes descriptions of the Bonds, the Developer (herein defined), the Bond Order, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046, upon payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas; Harris County, Texas (the "County"); the City of Houston, Texas (the "City" or "Houston"); or any political subdivision other than the District, will be secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The District is situated in the Houston area, and the rate of development of the District is directly related to the vitality of the residential housing industry in said metropolitan area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowners/Developer: There is no commitment by, or legal requirement of, the principal landowners, the Developer (herein defined), or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "THE DEVELOPER," and "TAX DATA—Principal Taxpayers."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation as of January 1, 2023, of all taxable property located within the District is $125,652,119 and the 2024 Certified Estimated Taxable Assessed Valuation, is $214,276,410. See "DISTRICT DEBT."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds (2047) is $1,992,806 and the average annual debt service requirement on the Outstanding Bonds and the Bonds (2025-2049) is $1,868,892. Assuming no decrease to the District's taxable assessed valuation as of January 1, 2023, tax rates of $1.67 and $1.57 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively. Assuming no decrease from the District's 2024 Certified Estimated Taxable Assessed Valuation, tax rates of $0.98 and $0.92 per $100 of taxable assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2023 tax year, the District levied a total tax rate of $1.45 per $100 of assessed valuation comprised by a maintenance and operations tax of $0.58 per $100 of assessed valuation and a debt service tax of $0.87 per $100 of assessed valuation. See "DISTRICT DEBT" and "TAX DATA."

Competitive Nature of Residential Housing Market

The housing industry in the Houston area is very competitive, and the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collections and Foreclosure Remedies

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

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

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

Notwithstanding noncompliance by the 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 the petitioning District were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district. The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding with the initial purchaser of the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for 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. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

At an election held within the District on May 12, 2007, voters of the District authorized the District's issuance of $80,250,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the water, wastewater, and drainage facilities to serve the District (the "Utility System") and $120,375,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; $38,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System") and $57,450,000 principal amount of unlimited tax bonds for the refunding of such bonds. At a separate election on May 4, 2019, voters of the District also authorized the District's issuance of $167,690,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and refunding of such bonds; $107,980,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System and refunding of such bonds; and $27,635,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring park and recreational facilities to serve the District (the "Park System") and refunding of such bonds. See "THE BONDS—Authority for Issuance."

The Bonds represent the fourth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $51,675,000 principal amount for the purpose of constructing or acquiring the Utility System and $120,375,000 principal amount for the purpose of refunding such bonds; $167,690,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and refunding of such bonds; $38,300,000 for the purpose of constructing or acquiring the Road System and $57,450,000 for the purpose of refunding such bonds; $107,980,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System and refunding of such bonds; and $27,635,000 for the purpose of constructing or acquiring the Park System and refunding of such bonds. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as (and approved by the TCEQ, as needed) certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. See "THE BONDS—Issuance of Additional Debt."

The District's issuance of the remaining authorized but unissued unlimited tax bonds for the purpose of constructing or acquiring the Utility System and the authorized but unissued unlimited tax bonds for the purpose of constructing or acquiring the Park System shall be subject to approval by the TCEQ.

Following the issuance of the Bonds, the District will owe the Developer approximately $1,600,000 for its expenditures to construct or acquire the Utility System, approximately $11,500,000 for its expenditures to construct or acquire the Road System, and approximately $3,300,000 for its expenditures to construct or acquire the Park System, pursuant to a reimbursement agreement. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "LEGAL MATTERS."

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 three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, 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 TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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.

Extreme Weather Events

The Texas Gulf Coast area is subject to occasional severe tropical 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 Texas Gulf Coast area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015. The most recent event was 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 the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed valuation of the District or an increase in the District's tax rate.

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

National Weather Service Atlas 14 Rainfall Study

The National Weather Service recently 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 interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy on each series of Bonds, collectively, (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond 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 bond insurer and of the ratings on the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE" and "RATINGS."

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

Neither the District or Underwriter have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond 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 bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

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.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon written request made to Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046.

The Bonds are dated September 1, 2024, with interest initially accruing from the Date of Delivery (expected to be September 19, 2024) and payable on March 1, 2025, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on September 1 in each of the years and principal amounts shown on the inside cover of this Official Statement. Principal of the Bonds will be payable to the Registered Owners at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are 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 required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities 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 by S&P Global Ratings of "AA+." The DTC rules applicable to its Participants are on file with the SEC. 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 purchase of each Security ("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 effect 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 Issue 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).

Redemption proceeds, principal, and interest payments 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/Registrar, 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/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, 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/Registrar. 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Order will be given only to DTC.

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Funds

The Bond Order confirms the fund for debt service on the Bonds, the Outstanding Bonds and any additional unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System (the "Debt Service Fund"). Six (6) months of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Debt Service Fund. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds and the Bonds, and any additional unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds and the Bonds and any of the District's duly authorized additional bonds issued for the purpose of constructing or acquiring the Utility System and payable in whole or part from taxes. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Redemption Provisions

Optional Redemption: Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date in the manner specified in the Bond Resolution. If fewer than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If fewer than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such method of random selection as the Paying Agent/Registrar deems fair and appropriate (or by the DTC in accordance with its procedures while the Bonds are in book-entry-only form) in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption: The Bonds maturing on September 1, 2038 are term bonds (the "Term Bonds"), which shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (each a "Mandatory Redemption Date"), and in the principal amount set forth in the following schedules:

$370,000 Term Bonds
Due September 1, 2038

Mandatory Redemption Date	Principal Amount
2037	$ 180,000
2038 (maturity)	190,000

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

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

At an election held within the District on May 12, 2007, voters of the District authorized the District's issuance of $80,250,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and $120,375,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds; $38,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System and $57,450,000 principal amount of unlimited tax bonds for the refunding of such bonds. At a separate election on May 4, 2019, voters of the District also authorized the District's issuance of $167,690,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and refunding of such bonds; $107,980,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System and refunding of such bonds; and $27,635,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Park System and refunding of such bonds.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code and Chapter 8157 of the Texas Special District Local Laws Code; (ii) an election held within the District on May 12, 2007; (iii) the Bond Order; and (iv) an order of the TCEQ.

Outstanding Bonds

The District has previously issued three series of bonds for the purpose of acquiring or constructing the Utility System (the "Outstanding Bonds"), of which $23,410,000 principal amount remains outstanding as of Date of Delivery. See table below.

Series	Original Principal Amount	Principal Currently Outstanding
2022	$ 5,700,000	$ 5,550,000
2023	9,085,000	8,900,000
2023A	8,960,000	8,960,000
Total	$ 23,745,000	$ 23,410,000

Source of Payment

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 located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and certain fees. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund and used solely to pay principal of and interest on the Bonds, and additional bonds payable from taxes which may be issued.

The Bonds are the fourth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System. The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; the County; the City; or any entity other than the District.

Issuance of Additional Debt

The Bonds represent the fourth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $51,675,000 for the purpose of constructing or acquiring the Utility System and $120,375,000 for the purpose of refunding such bonds; $167,690,000 for the purpose of constructing or acquiring the Utility System and refunding of such bonds; $38,300,000 for the purpose of constructing or acquiring the Road System and $57,450,000 for the purpose of refunding such bonds; $107,980,000 principal amount for the purpose of constructing or acquiring the Road System and refunding of such bonds; and $27,635,000 for the purpose of constructing or acquiring the Parks System and refunding of such bonds. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District(and approved by the TCEQ, as needed) as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order.

The District's issuance of the remaining authorized but unissued unlimited tax bonds for the purpose of constructing or acquiring the Utility System and the authorized but unissued unlimited tax bonds for the purpose of constructing or acquiring the Park System shall be subject to approval by the TCEQ.

Following the issuance of the Bonds, the District will owe the Developer approximately $1,600,000 for its expenditures to construct or acquire the Utility System, approximately $11,500,000 for its expenditures to construct or acquire the Road System, and approximately $3,300,000 for its expenditures to construct or acquire the Park System, pursuant to a reimbursement agreement. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

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 protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. 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 has no current plans to submit an application for approval of a fire protection plan.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District at the time of issuance.

If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. The issuance of additional bonds for acquiring and/or constructing the Utility System and for acquiring and/or constructing the Park System is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. Further, the principal amount of bonds issued for acquiring and or/constructing the Park System may not exceed one percent of the District's certified taxable assessed valuation, unless, effective June 14, 2021, 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 but not three percent of the value of the taxable property in the District.

No Arbitrage

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

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct 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 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.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> "(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

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

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

Remedies in the Event of Default

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

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Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to pay for the improvements and related costs shown below. Additionally, proceeds from the sale of the Bonds will be used to pay other certain costs associated with the issuance of the Bonds, as shown below.

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and 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.

I. CONSTRUCTION COSTS	
Water, Wastewater & Drainage Facilities to Serve:	
Winward Section Twelve	$ 1,330,403
Winward Detention, Mitigation & Grading Phase Three	254,684
Pitts Road, Section One - Water & Drainage	1,103,131
Land Costs - Seven Reserves	816,368
Engineering & Testing	442,126
Stormwater Pollution Prevention Plan	149,365
Less: Surplus Funds Applied	(224,000)
Total Construction Costs	**$ 3,872,077**
II. NON-CONSTRUCTION COSTS	
Legal Fees…	$ 111,600
Fiscal Agent Fees	96,600
Interest:	
a). Capitalized Interest (a)	108,359
b). Developer Interest	337,868
Bond Discount (a)	144,517
Bond Issuance Expenses	65,302
Bond Application Report Costs	57,960
Attorney General Fee	4,830
TCEQ Bond Issuance Fee	12,075
Contingency (a)	18,812
Total Non-Construction Costs	**$ 957,923**
TOTAL BOND ISSUE REQUIREMENT	**$ 4,830,000**

(a) Contingency represents the difference in the estimated and actual amounts of capitalized interest and Bond discount.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses in accordance with the rules of the TCEQ. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District was created by Senate Bill No. 1888, Acts of the 79th Texas Legislature, Regular Session, 2005, codified as Chapter 8157, Texas Special District Local Laws Code, and by a confirmation election held within the District on May 12, 2007. The District's boundaries were corrected by House Bill 4154, Acts of the 84th Texas Legislature, regular Session, 2015, codified as Chapter 8151, Special District Local Laws Code, effective September 1, 2015. On June 18, 2024, the District annexed two non-contiguous tracts of land totaling approximately 76.851 acres into the District (collectively the "Annexation Tract"). The District operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts and is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District also is authorized to construct, develop and maintain roads and park and recreational facilities using operating revenues or by issuing bonds payable from taxes.

Description

The District comprises approximately 397.63 total acres and is situated entirely within the County, the extraterritorial jurisdiction of the City, and the boundaries of Katy Independent School District. The District is located approximately 30 miles west of the central business district of the City. The District is bounded by on the north by Longenbaugh Road, on the east by Katy-Hockley Road, and on the south by Farm to Market Road 529.

Management of the District

The District is governed by the Board consisting of five directors, who have control over and management supervision of all affairs of the District. All of the directors own property in the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

Name	Position	Term
Cynthia Hill	President	May 2028
Darren O'Conor	Vice President	May 2026
Christopher Charboneau	Secretary	May 2026
Leslie Richardson	Assistant Secretary	May 2028
Kimberly Lewis	Assistant Secretary	May 2028

Investment Policy

The District has adopted an Investment Policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are 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 portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the District is B&A Municipal Tax Service LLC (the "Tax Assessor/Collector").

Bookkeeper: The District's bookkeeper is L&S District Services, LLC.

Auditor: The financial statements of the District as of May 31, 2023, and for the year then ended, included in this offering document, have been audited by FORVIS, LLP, independent auditors, as stated in their report appearing herein.

Engineer: The District's engineer is Elevation Land Solutions (the "Engineer").

General & Bond Counsel: The District has engaged Coats Rose, P.C., Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP, Houston, Texas, serves as disclosure counsel ("Disclosure Counsel") to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated is engaged as financial advisor to the District in connection with the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

DEVELOPMENT OF THE DISTRICT

Winward

The District is part of the residential community known as Winward, which lies entirely within the District. Winward is planned to include approximately 811 homes.

Status of Development within the District

To date, approximately 165 acres within the District have been developed as 811 single-family lots in the following single-family residential subdivisions: Winward, Sections 1 through 12. The Developer is currently under contract to purchase the Annexation Tract for development of Windward Cove. The current lot plan for Winward Cove includes 220 total lots, to be developed in phases. As of July 1, 2024, development within the District consisted of approximately 811 completed homes (811 occupied), no homes under construction and or vacant, developed lots. The remainder of the lands within the District includes approximately 156 undevelopable acres and approximately 77 additional developable acres.

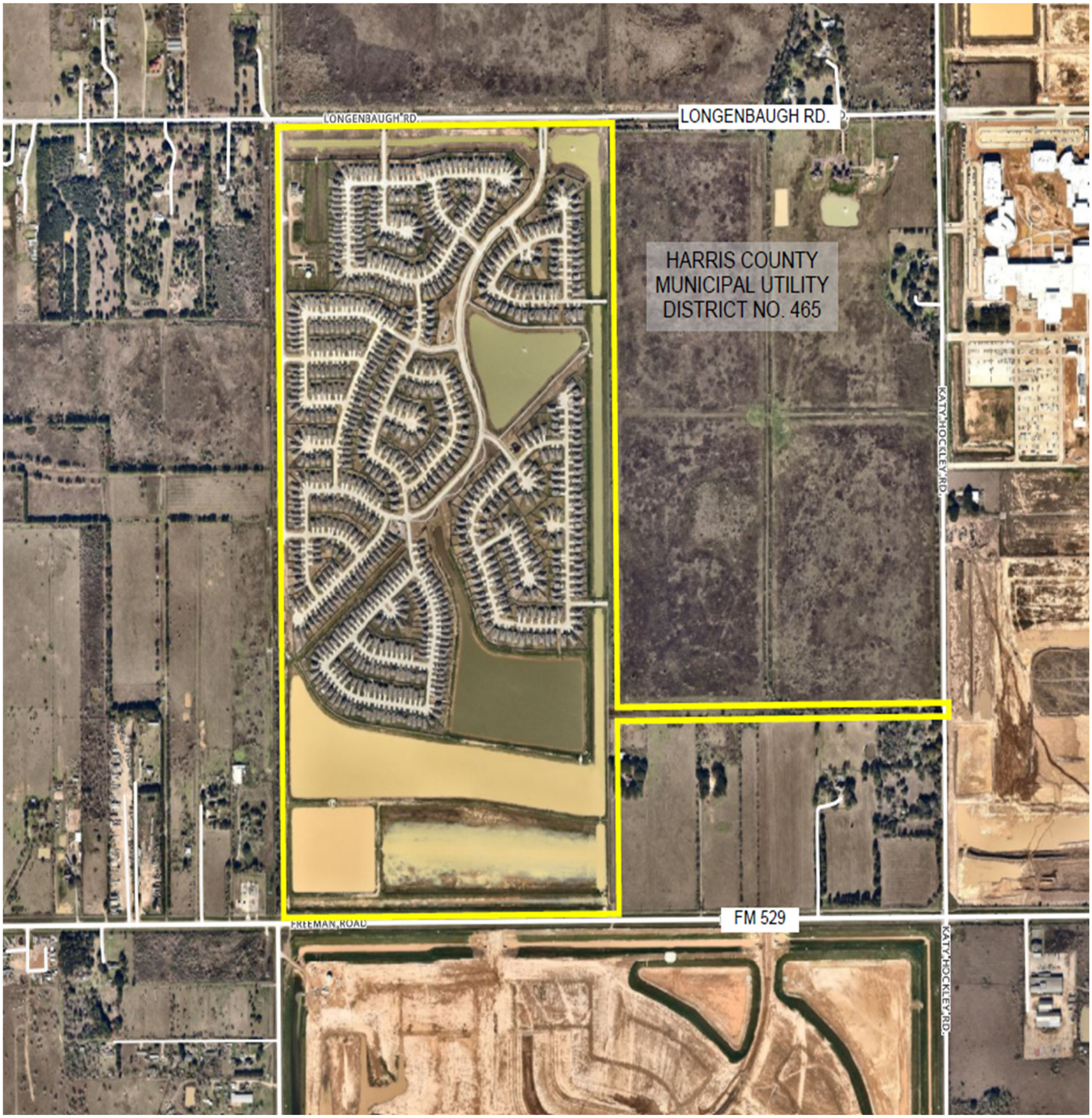
The table below summarizes the status of development and land use within the District as of July 1, 2024:

Section	Type of Development	Acreage	No. of Lots	Homes Complete	Homes Under Construction	Vacant Lots
Winward, Avex Tract - Section	Single Family	15.04	65	65	0	0
Winward, Avex Tract - Section	Single Family	11.67	56	56	0	0
Winward, Avex Tract - Section	Single Family	7.95	43	43	0	0
Subtotal		34.66	164	164	0	0
Winward - Section 4	Single Family	11.29	43	43	0	0
Winward - Section 5	Single Family	9.94	61	61	0	0
Winward - Section 6	Single Family	10.00	45	45	0	0
Winward - Section 7	Single Family	11.00	65	65	0	0
Winward - Section 8	Single Family	18.30	77	77	0	0
Winward - Section 9	Single Family	8.00	49	49	0	0
Winward - Section 10	Single Family	16.70	71	71	0	0
Winward - Section 11	Single Family	20.20	95	95	0	0
Winward - Section 12	Single Family	25.00	141	141	0	0
Subtotal		130.43	647	647	0	0
Total		**165.09**	**811**	**811**	**0**	**0**

Under Development	-
Institutional Acreage	-
Undevelopable	155.69
Remaining Developable	76.85
Total District Acreage	397.63

AERIAL PHOTOGRAPH OF THE DISTRICT

(July 2024)



PHOTOGRAPHS TAKEN IN THE DISTRICT

(July 2024)

PHOTOGRAPHS TAKEN IN THE DISTRICT

(July 2024)

THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or 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. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Neither the Developer, nor any affiliate entities, are obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer, nor any affiliate entities, have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developer

Land within the District is being developed by Friendswood Development Company (the "Developer"), which is wholly-owned by Lennar Corporation. The sole general partner of the Developer is U.S. Home, LLC, a Delaware limited liability company. U.S. Home, LLC is wholly-owned by Lennar Corporation. Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange as LEN. Audited financial statements for Lennar Corporation can be found online at http://phx.corporate-ir.net/phoenix.zhtml?c=65842&p=irol-irhome. Lennar Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by Lennar can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning the Developer is included as part of the consolidated financial statements of Lennar Corporation. However, Lennar Corporation is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer. Further, neither the Developer nor Lennar Corporation is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developer nor Lennar Corporation has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer and

Lennar Corporation is subject to change at any time. Because of the foregoing, financial information concerning the Developer and Lennar Corporation will neither be updated nor provided following issuance of the Bonds.

The Developer is also a developer in the Houston area master-planned communities of Kingwood, West Ranch, Lakemont, Graystone Hills, Lakes of Savannah, Tavola, Wildwood at Northpointe, and Fairfield, as well as numerous smaller communities, including Bay Colony West, Clearview Village, Hidden Creek, Falls at Green Meadows and other communities. The District cautions that the foregoing development experience was gained in different markets and under different circumstances than exist today, and such prior success is no guarantee that the Developer will be successful in the development of land in the District.

THE UTILITY SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City, and the County. According to the Engineer, the design of all such completed facilities has been approved by all required governmental agencies.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water, Sanitary Sewer and Drainage System

Water Supply: The District obtains water from one (1) water plant, which is owned, operated and maintained by the District. Water Plant No. 1 consists of one (1) 1,000 gallons per minute ("gpm") water well, one (1) 500 gpm water well; two (2) 15,578 gallon hydro-pneumatic tank; two (2) 247,217 gallon ground storage tank; and four (4) 900 gpm booster pumps. The existing water supply capacity is adequate to serve the 1,800 equivalent single-family connections ("ESFCs") in the District. In addition, the District's wells are included in an aggregate permit issued to the West Harris County Regional Water Authority (the "Authority"), with a total permitted annual withdrawal of 15.5 billion gallons.

Wastewater Treatment: The District currently leases two (2) 0.10 million gallons per day ("mgd") wastewater treatment plant facility from AUC Group, Inc ("AUC Group"). The TCEQ issued a wastewater discharge permit to the District, dated September 18, 2019, authorizing the treatment and disposal from the plant with a permitted maximum daily effluent flow not to exceed 0.40 mgd ultimately. The District is currently operating in the Interim II Phase of the permit which limits effluent to 0.20 mgd. The District is capable of serving 800 ESFCs.

Drainage: Land within the District naturally drains northwest to southeast, through a series of agricultural ditches to an unnamed tributary to South Mayde Creek, then to South Mayde Creek, Langham Creek, and ultimately to Buffalo Bayou. South Mayde Creek is maintained by Harris County Flood Control District.

Subsidence District

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of the County (including the District) and a small portion of Fort Bend County, Texas. The Authority has entered into a Water Supply Contract with the City to obtain treated surface water from the City. 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 provisions of the Authority's rate order allow the District, subject to groundwater reduction requirements imposed by the Authority, the terms of the GRP, and any limitations imposed by the Subsidence District, the right to pump from its groundwater well(s) the amount of groundwater reasonably determined by the District to be needed by the District, for itself or for its customers, to provide water in accordance with at least the minimum regulatory requirements for pressure and supply, including during an emergency requiring immediate use of groundwater (such as for firefighting purposes) so long as the District is not committing waste or being wasteful.

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, charges and special assessments 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, substantial fees per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, 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 2030 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 to: (i) limit groundwater withdrawals to no more than 70% of the total water demand of the water users within the Authority's GRP beginning in the year 2010; (ii) limit groundwater withdrawals to no more than 40% of the total water demand of the water users within the Authority's GRP beginning in the year 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total water demand of the water users within the Authority's GRP beginning in the year 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a substantial disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. The current rate for Disincentive Fees imposed by the Subsidence District is $9.80 per 1,000 gallons. 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 pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the Utility 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.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the FEMA Map Panel No. 585 of 1150 dated November 15, 2019, the entire District lies within the 100-year floodplain. To date, all developed lots within the District have been removed from the 100-year floodplain with Letters of Map Revision that have been approved by FEMA.

General Fund Operating Statement

The following is a summary of the District's general fund activity. The summary has been prepared by the Financial Advisor based upon information obtained from the District's audited financial statements for the fiscal years ended May 31, 2021 through May 31, 2023. Additionally, the District's bookkeeper has provided the unaudited figures for the fiscal year ended May 31, 2024. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended			
Revenues	5/31/2024 (a)	5/31/2023	5/31/2022	5/31/2021
Water Service	$305,935	$ 142,527	$ 46,726	$ 1,500
Sewer Service	437,721	213,991	49,475	1,178
Property Taxes	737,141	391,302	224,514	852
Penalties and Interest	26,528	12,947	3,540	-
Tap Connection and Inspection	197,720	1,066,890	453,749	137,292
Regional Water Authority Fees	401,431	202,410	64,363	935
Sale of Capacity	-	-	-	1,237,236
Investment Earnings	53,797	13,960	512	-
Other Income	49,604	-	211,168	-
Total	$ 2,209,876	$ 2,044,027	$ 1,054,047	$ 1,378,993
Expenditures				
Lease Payments	$242,900	$ 167,600	$ 135,600	$ 56,500
Professional Fees	133,284	102,336	79,791	57,765
Regional Water Fee	422,334	212,812	22,452	-
Contracted Services	518,532	105,641	125,944	25,986
Solid Waste		90,181	13,655	281
Repairs and Maintenance	443,679	369,026	145,877	126,454
Utilities	96,007	60,181	35,087	10,730
Tap Connections	102,075	390,508	173,600	64,600
Other	(7,135)	31,226	18,471	15,511
Debt Issuance Costs		60,412	40,000	-
Capital Outlay	(24,900)	244,111	689,324 (b)	-
Total	$ 1,926,777	$ 1,834,034	$ 1,479,801	$ 357,827
NET REVENUES (Deficit)	$ 283,100	$ 209,993	$ (425,754)	$1,021,166
Other Financing Sources (Uses):				
Developer Advances	$ -	$ -	$ 238,000	$ 198,000
Interfund Transfers	$ -	$ 48,435		
Beginning fund balance	$ 1,304,513	$1,046,085	$1,233,839	$ 14,673
Ending fund balance	$ 1,587,613	$ 1,304,513	$ 1,046,085	$1,233,839

(a) Unaudited, provided by the District's bookkeeper.
(b) Represents expenses associated with Water Plant No. 1 modification project for the water well, hydro tank and booster pumps.

DISTRICT DEBT

General

2023 Certified Taxable Assessed Valuation	$ 125,652,119	(a)
2024 Certified Estimated Taxable Assessed Valuation	$ 214,276,410	(b)
Direct Debt:		
The Outstanding Bonds	$ 23,410,000	
The Bonds	$ 4,830,000	
Total	$ 28,240,000	
Estimated Overlapping Debt	$ 5,417,646	(c)
Total Direct and Estimated Overlapping Debt	$ 33,657,646	(c)
Direct Debt Ratios:		
As a Percentage of the 2023 Certified Taxable Assessed Valuation	22.47%	
As a Percentage of the 2024 Certified Estimated Taxable Assessed Valuation	13.18%	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2023 Certified Taxable Assessed Valuation	26.79%	
As a Percentage of the 2024 Certified Estimated Taxable Assessed Valuation	15.71%	
Debt Service Fund Balance (as of June 18, 2024)	$ 1,369,698	(d)
Operating Fund Balance (as of June 18, 2024)	$ 1,026,997	
Operating Plant Improvement Fund Balance (as of June 18, 2024)	$ 349,382	
Capital Projects Fund Balance (as of June 18, 2024)	$ 227,140	(e)

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2023, as provided by the Harris County Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of all taxable property located within the District as of January 1, 2024, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2023, through January 1, 2024. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "Direct and Estimated Overlapping Debt Statement" herein.

(d) At the time of closing of the Bonds, six (6) months of capitalized interest on the Bonds will be deposited into the District's Debt Service Fund (herein defined). The balance represented above does not include such amount, but does include the District's September 1, 2024 debt service requirement in the amount of $875,059. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund.

(e) Of such funds listed above, $224,000 will be applied towards the issuance of the Bonds. See "THE BONDS—Use and Distribution of Bond Proceeds."

Debt Service Requirement Schedule

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

Year Ending 12/31	Outstanding Debt Service		Principal	Interest	Total Debt Service
2024	$ 875,059	(a)	$ -	$ -	$ 875,059
2025	1,593,594		120,000	205,883	1,919,477
2026	1,589,569		105,000	208,919	1,903,488
2027	1,589,094		110,000	202,094	1,901,188
2028	1,582,019		115,000	194,944	1,891,963
2029	1,583,056		120,000	187,469	1,890,525
2030	1,576,531		125,000	179,669	1,881,200
2031	1,572,256		135,000	171,544	1,878,800
2032	1,568,419		140,000	162,938	1,871,356
2033	1,574,319		145,000	155,938	1,875,256
2034	1,572,819		155,000	150,138	1,877,956
2035	1,580,063		160,000	143,938	1,884,000
2036	1,590,313		170,000	137,538	1,897,850
2037	1,598,125		180,000	130,738	1,908,863
2038	1,603,238		190,000	123,538	1,916,775
2039	1,601,425		200,000	115,938	1,917,363
2040	1,607,600		210,000	107,938	1,925,538
2041	1,615,663		220,000	99,538	1,935,200
2042	1,621,338		230,000	90,738	1,942,075
2043	1,629,225		245,000	81,538	1,955,763
2044	1,634,488		255,000	71,738	1,961,225
2045	1,642,113		270,000	61,538	1,973,650
2046	1,646,900		285,000	50,738	1,982,638
2047	1,653,825		300,000	38,981	1,992,806
2048	1,302,675		315,000	26,606	1,644,281
2049	649,450		330,000	13,613	993,063
	$39,653,172		$4,830,000	$3,114,183	$47,597,355

(a) Excludes the March 1, 2024 debt service requirement in the amount of $479,960.

Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025-2049)........ $1,868,892

Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2047)........ $1,992,806

Direct and Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in *Texas Municipal Reports*, published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

				Overlapping	
Taxing Jurisdiction	Tax Year	AV	Debt as of 6/30/2024	Percent	Amount
Harris County	2023	$ 652,165,082,567	$ 1,994,511,319	0.02%	$ 384,281
Katy Independent School District	2023	56,804,969,552	2,140,560,000	0.22%	4,734,901
Harris County Flood Control Distric	2023	638,106,262,453	991,095,000	0.02%	195,161
Port of Houston Authority	2023	638,796,463,000	426,134,397	0.02%	83,821
Harris County Hospital District	2023	590,883,076,667	65,285,000	0.02%	13,883
Harris County Department of Educa	2023	649,822,140,910	28,960,000	0.02%	5,600
Total Estimated Overlapping Debt					$ 5,417,646
The District Direct Debt (a)					$28,240,000
Total Direct Debt and Estimated Overlapping Debt					$33,657,646

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratio of Direct Debt (a):

As a Percentage of the 2023 Certified Taxable Assessed Valuation 22.47%
As a Percentage of the 2024 Certified Estimated Taxable Assessed Valuation 13.18%

Ratio of Direct and Estimated Overlapping Debt (a):

As a Percentage of the 2023 Certified Taxable Assessed Valuation 26.79%
As a Percentage of the 2024 Certified Estimated Taxable Assessed Valuation 15.71%

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Outstanding Bonds and the Bonds, and any additional bonds payable from taxes which the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA—Tax Rate Limitation" and "RISK FACTORS—Future Debt."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein. The Property 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 County Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

The Property Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. 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. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

General: 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; certain 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 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District has not adopted any such exemption in prior tax years. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent allowed by law. The disabled veteran exemption ranges between $5,000 and $12,000, 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 resident 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 of the full value 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. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market 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 by May 1. The District has not adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: 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 2013 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 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

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the County has not designated any of the area within the District as a reinvestment zone.

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 Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of resident homesteads to 10% annually regardless of market value of the property.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026, the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

The Property 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 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property 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 Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for 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 years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property 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 property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals 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 to formally include such values on its appraisal roll.

Reappraisal of Property After Disaster

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

Tax Payment Installments After Disaster

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

District and Taxpayer Remedies

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

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

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 date of delinquency may be postponed if the tax bills are mailed after January 1. A person over sixty-five (65) years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. 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 of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas Law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

The District: A determination as to the 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" in 2023. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collections and Foreclosure Remedies."

TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." In the Bond Order, the Board covenants to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "RISK FACTORS." For the 2023 tax year, the District levied a total tax rate of $1.45 per $100 of assessed valuation comprised of a maintenance and operations tax rate of $0.58 per $100 of taxable assessed valuation and a debt service tax rate of $0.87 per $100 of taxable assessed valuation.

Tax Rate Limitation

Debt Service	Unlimited (no legal limit as to rate or amount).
Maintenance and Operation General	$1.50 per $100 taxable assessed valuation.
Maintenance and Operation Road	$1.50 per $100 taxable assessed valuation.
Maintenance and Operation Recreation	$0.10 per $100 taxable assessed valuation.

Debt Service Taxes

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. Such tax is in addition to the maintenance and operation tax the District levies for maintenance and operation purposes. For the 2023 tax year, the District levied a debt service tax rate of $0.87 per $100 of taxable assessed valuation. See "Tax Rate Distribution" herein.

At the time of closing of the Bonds, six (6) months of capitalized interest on the Bonds will be deposited into the Debt Service Fund.

Maintenance Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. For the 2023 tax year, the District levied a maintenance and operations tax rate of $0.58 per $100 of assessed valuation. See "Tax Rate Distribution" herein.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES," certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2020–2023 tax years:

Year	Assessed Valuation	Tax Rate per $100	Tax Levy	% of Current Collections	Tax Year Ended 9/30	Collections as 5/31/2024
2020	$73,873	$ 1.450000	$ 1,071	100.00%	2021	100.00%
2021	15,484,477	1.450000	224,525	100.00%	2022	100.00%
2022	53,895,913	1.450000	781,491	99.86%	2023	99.86%
2023	125,684,359	1.450000	1,822,423	98.52%	2024	98.52%

Tax Rate Distribution

The following table sets out the components of the District's tax levy for the 2019-2023 tax years.

	2023	2022	2021	2020	2019
Debt Service	$ 0.87	$ 0.70	$ -	$ -	$ -
M&O	0.58	0.75	1.45	1.45	1.45
Total	$ 1.45	$ 1.45	$ 1.45	$ 1.45	$ 1.45

Analysis of Tax Base

The following represents the types of property comprising the District's taxable assessed valuation as of January 1 for the 2019-2023 tax years.

Type of Property	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation	2021 Taxable Assessed Valuation	2020 Taxable Assessed Valuation	2019 Taxable Assessed Valuation
Land	$ 36,761,618	$ 25,686,899	$ 15,521,606	$ 31,743	$ 4,380
Improvements	93,289,227	30,905,288	438,270	42,130	32,674
Personal Property	415,762	164,771	28,328	103	103
Exemptions	(4,814,488)	(2,861,045)	(503,727)	(103)	(103)
Uncertified	-	-	-	-	-
Total	$ 125,652,119	$ 53,895,913	$ 15,484,477	$ 73,873	$ 37,054

Principal Taxpayers

The following represents the principal taxpayers, type of property, their taxable assessed valuations as of January 1, 2023 and as a percentage of the certified portion ($125,652,119) of the 2023 Certified Taxable Assessed Valuation of $125,652,119:

Taxpayer	Property Type	2023 Tax Year	% of Tax Roll
Lennar Homes of Texas (a)	Land & Improvements	$ 2,372,731	1.89%
OCS HS Lot Option Pool 02 LP	Land & Improvements	1,855,888	1.48%
Pivotal Markets LLC	Land & Improvements	1,668,607	1.33%
FKH SFR Propco K LP	Land & Improvements	877,383	0.70%
Yu Property Development LLC	Land & Improvements	834,619	0.66%
SFR JV HD Property LLC	Land & Improvements	756,853	0.60%
Individual	Land & Improvements	531,673	0.42%
Individual	Land & Improvements	473,669	0.38%
Shezad Anwar Inter Vivos Trust	Land & Improvements	459,587	0.37%
Individual	Land & Improvements	384,889	0.31%
Total		10,215,899	8.13%

(a) Lennar Homes is a subsidiary of Lennar Corporation. See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the District's taxable assessed valuation as of January 1, 2023 ($125,652,119) or the 2024 Certified Estimated Taxable Assessed Valuation ($214,276,410). The calculations assume collection of 95% of taxes levied and the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2025-2049).....	$ 1,868,892
$1.57 on the 2023 Certified Taxable Assessed Valuation Produces	$ 1,874,101
$0.92 on the 2024 Certified Estimated Taxable Assessed Valuation, Produces.....	$ 1,872,776
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2047)	$ 1,992,806
$1.67 on the 2023 Certified Taxable Assessed Valuation Produces	$ 1,993,471
$0.98 on the 2024 Certified Estimated Taxable Assessed Valuation, Produces.....	$ 1,994,913

No representations or suggestions are made that the 2024 Certified Estimated Taxable Assessed Valuation provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes. See "DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement."

Set forth below is an estimation of all 2023 taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction		2023 Tax Rate
The District	$	1.450000
Harris County		0.350070
Katy Independent School District		1.119400
Harris County Flood Control District		0.310500
Port of Houston Authority		0.005740
Harris County Hospital District		0.143430
Harris County Department of Education		0.004800
Waller-Harris ESD 200		0.086301
Estimated Total Tax Rate	$	3.470241

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Coats Rose, P.C., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Coats Rose, P.C., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel.

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

Legal Review

In its capacity as Bond Counsel, Coats Rose, P.C., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS" (except for information under the subsections "Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT," "TAXING PROCEDURES" and "LEGAL MATTERS" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended. Except as stated above, Bond Counsel will express no opinion as to any federal, state, or local tax consequences resulting from the ownership of, receipt of, interest on, or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

Not Qualified Tax-Exempt Obligations

The Bonds will **not** be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT

BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof, or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or is in excess of one year (the "Original Issue Discount Bonds"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" for a discussion of certain collateral federal tax consequences.

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

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the Date of Delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

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 Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District to such effect. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Consultants

In approving this Official Statement the District has relied upon the following consultants:

Tax Assessor/Collector: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by the Appraisal District and the District's Tax Assessor/Collector 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 water, sewer and drainage system and, in particular that information included in the sections entitled "THE DISTRICT," "DEVELOPMENT OF THE DISTRICT" and "THE UTILITY SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Initial Purchaser and ending on the ninety-first (91st) day after the "end of the underwriting period" (as defined in SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule")), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Initial Purchaser of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

Certification as to Official Statement

The District, acting by and through its Board in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT" (except for the subheading "—Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2024. The District will provide the updated information to the MSRB.

Any information 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 fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available. The District's current fiscal year end is May 31. Accordingly, it must provide updated information by November 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Material Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or 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 obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

The District is in compliance in all material respects with its previous continuing disclosure undertakings made pursuant to SEC Rule 15c2-12 with the following exception: the District failed to timely file their fiscal year end May 31, 2023 annual financial information under its previous continuing disclosure undertakings made pursuant to SEC Rule 15c2-12. The information has since been filed along with a notice of failure.

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.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 465 as of the date shown on the cover of this Official Statement.

/s/ Cynthia Hill
President, Board of Directors
Harris County Municipal Utility District No. 465

ATTEST:

/s/ Christopher Charboneau
Secretary, Board of Directors
Harris County Municipal Utility District No. 465

APPENDIX A

Independent Auditor's Report and Financial Statements of the District

Harris County Municipal Utility District No. 465

Harris County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2023

Harris County Municipal Utility District No. 465

May 31, 2023

Contents

FORVIS

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 465
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 465 (the District), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of May 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 13 to the financial statements, in 2022, the District adopted the new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the beginning net position in the government-wide financial statements has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

FORVIS, LLP

Houston, Texas
November 29, 2023

Overview of the Financial Statements

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

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

Effective June 1, 2022, the District adopted new accounting and financial reporting guidance, Governmental Accounting Standards Board Statement No. 87 (Statement No. 87), *Leases*.

Statement No. 87 creates one model for recognizing leases for both lessees and lessors. Substantially all leases are recognized on the lessee's statement of net position. In the activity statement, lessees no longer report lease expense for the previously classified operating leases but instead report interest expense on the liability and amortization expense related to the asset. The District's 2022 summarized financial information presented below has not been restated to reflect the adoption of Statement No. 87 because single year presentation is included in the basic financial statements.

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

Summary of Net Position

	2023	Restated 2022
Current and other assets	$ 2,719,785	$ 1,712,377
Capital and lease assets	19,047,123	12,299,979
Total assets	$ 21,766,908	$ 14,012,356
Long-term liabilities	$ 26,571,640	$ 15,455,449
Other liabilities	366,352	244,702
Total liabilities	26,937,992	15,700,151
Net position:		
Net investment in capital assets	(6,638,247)	(2,803,305)
Restricted	148,934	-
Unrestricted	1,318,229	1,115,510
Total net position	$ (5,171,084)	$ (1,687,795)

The total net position of the District decreased by $3,483,289 or approximately 206 percent. The majority of the decrease in net position is related to conveyance of capital assets to another governmental entity for maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2023	Restated 2022
Revenues:		
Property taxes	$ 781,771	$ 224,524
Charges for services	558,928	160,564
Other revenues	1,111,345	668,979
Total revenues	2,452,044	1,054,067
Expenses:		
Services	1,498,258	836,021
Conveyance of capital assets	2,952,904	659,884
Depreciation and amortization	434,943	187,044
Debt service	1,049,228	435,373
Total expenses	5,935,333	2,118,322
Change in net position	(3,483,289)	(1,064,255)
Net position, beginning of year	(1,687,795)	(623,540)
Net position, end of year	$ (5,171,084)	$ (1,687,795)

Financial Analysis of the District's Fund

The District’s combined fund balances as of the end of the fiscal year ended May 31, 2023, were $2,530,548, an increase of $1,063,526 from the prior year.

The general fund's fund balance increased by $258,428, primarily due to property taxes, service and tap connection and inspection fees revenues exceeding service operations and capital outlay expenditures.

The debt service fund’s fund balance increased by $554,720 due to property tax revenues and proceeds received from the sale of the Series 2023 bonds exceeding debt service interest expenditures.

The capital projects fund’s fund balance increased by $250,378 due to proceeds received from the sale of the Series 2022 bond anticipation note and Series 2023 bonds being greater than the repayments to developers for facilities located within the District’s boundaries. The Series 2022 bond anticipation note was redeemed with interest using proceeds from the Series 2023 bonds.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes revenues, tap connection and inspection fees revenues and related expenditures and regional water fee and repairs and maintenance expenditures being greater than anticipated. Also, contracted services and capital outlay expenditures were less than anticipated and interfund transfers received and debt issuance costs incurred were not included in the current year budget. The fund balance as of May 31, 2023, was expected to be $921,291 and the actual end-of-year fund balance was $1,304,513.

Capital and Lease Assets and Related Debt

Capital and Lease Assets

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

Capital and Lease Assets (Net of Accumulated Depreciation and Amortization)

	2023	Restated 2022
Land and improvements	$ 8,150,582	$ 5,535,012
Construction in progress	28,252	689,324
Water facilities	3,464,605	1,992,372
Wastewater facilities	2,898,698	2,177,965
Drainage facilities	3,395,492	1,905,306
Lease assets	1,109,494	-
Total capital and lease assets	$ 19,047,123	$ 12,299,979

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

Construction in progress related to wastewater treatment plant expansion	$ 28,252
Wastewater treatment plant lease - Phase 2	548,981
Water plant modifications	215,859
Water, sewer and drainage facilities to serve Winward, Sections 4, 8, 9 and 11 and Avex, Sections 1-3	3,063,500
Land additions: Avex detention and grading, Phase 1, Winward detention, mitigation and grading, Phase 2 and Winward detention, mitigation and grading, Phase 3	2,615,570
Total additions to capital and lease assets	$ 6,472,162

The developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the cost of these facilities, plus interest, from the proceeds of future bond issues, subject to the approval of the Commission, as applicable, and the terms of the contracts with the developer. As of May 31, 2023, a liability for developer-constructed capital assets of $11,043,169 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2023, are summarized as follows:

Long-term debt payable, beginning of year, restated	$	16,131,474
Increases in long-term debt		22,543,284
Decreases in long-term debt		(12,103,118)
Long-term debt payable, end of year	$	26,571,640

At May 31, 2023, the District had $233,155,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and for refunding such bonds, $27,635,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing park and recreational facilities and for refunding such bonds and $146,280,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads and for refunding such bonds.

The District's bonds do not carry an underlying rating. The Series 2023 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

Other Relevant Factors

Relationship to the City of Houston

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

Economic Dependency

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

Contingencies

The developer of the District is constructing facilities on behalf of the District within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission, as applicable. The District's engineer has stated that current construction amounts are approximately $6,140,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Event

On October 19, 2023, the District sold its Series 2023A Unlimited Tax Bonds in the amount of $8,960,000 at a net effective interest rate of approximately 4.998 percent. The bonds were sold to reimburse the District's developer for completed construction projects.

Harris County Municipal Utility District No. 465

Statement of Net Position and Governmental Funds Balance Sheet

May 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 1,369,168	$ 898,379	$ 350,850	$ 2,618,397	$ -	$ 2,618,397
Receivables:						
Property taxes	13,716	12,801	-	26,517	-	26,517
Service accounts	74,871	-	-	74,871	-	74,871
Interfund receivable	23,192	-	-	23,192	(23,192)	-
Prepaid expenditures	38,600	-	-	38,600	(38,600)	-
Capital and lease assets (net of accumulated depreciation and amortization):						
Land and improvements	-	-	-	-	8,150,582	8,150,582
Construction in progress	-	-	-	-	28,252	28,252
Infrastructure	-	-	-	-	9,758,795	9,758,795
Lease assets	-	-	-	-	1,109,494	1,109,494
Total assets	$ 1,519,547	911,180	350,850	2,781,577	$ 18,985,331	$ 21,766,908

Harris County Municipal Utility District No. 465

Statement of Net Position and Governmental Funds Balance Sheet (Continued)

May 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 141,136	$ 2	$ -	$ 141,138	$ -	$ 141,138
Accrued interest payable	-	-	-	-	165,032	165,032
Customer deposits	60,182	-	-	60,182	-	60,182
Interfund payable	-	23,192	-	23,192	(23,192)	-
Long-term liabilities:						
Due within one year	-	-	-	-	134,974	134,974
Due after one year	-	-	-	-	26,436,666	26,436,666
Total liabilities	201,318	23,194	0	224,512	26,713,480	26,937,992
Deferred Inflows of Resources						
Deferred property tax revenues	13,716	12,801	0	26,517	(26,517)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	38,600	-	-	38,600	(38,600)	-
Restricted:						
Water, sewer and drainage	-	-	350,850	350,850	(350,850)	-
Unlimited tax bonds	-	875,185	-	875,185	(875,185)	-
Assigned, future expenditures	181,348	-	-	181,348	(181,348)	-
Unassigned	1,084,565	-	-	1,084,565	(1,084,565)	-
Total fund balances	1,304,513	875,185	350,850	2,530,548	(2,530,548)	0
Total liabilities, deferred inflows of resources and fund balances	$ 1,519,547	$ 911,180	$ 350,850	$ 2,781,577		
Net position:						
Net investment in capital assets					(6,638,247)	(6,638,247)
Restricted for debt service					148,934	148,934
Unrestricted					1,318,229	1,318,229
Total net position					$ (5,171,084)	$ (5,171,084)

Harris County Municipal Utility District No. 465

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

Year Ended May 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 391,302	$ 364,605	$ -	$ 755,907	$ 25,864	$ 781,771
Water service	142,527	-	-	142,527	-	142,527
Sewer service	213,991	-	-	213,991	-	213,991
Regional water fee	202,410	-	-	202,410	-	202,410
Penalty and interest	12,947	3,582	-	16,529	-	16,529
Tap connection and inspection fees	1,066,890	-	-	1,066,890	-	1,066,890
Investment income	13,960	2,267	399	16,626	-	16,626
Other income	-	-	-	-	11,300	11,300
Total revenues	2,044,027	370,454	399	2,414,880	37,164	2,452,044
Expenditures/Expenses						
Service operations:						
Regional water fee	212,812	-	-	212,812	-	212,812
Professional fees	102,336	-	-	102,336	114,233	216,569
Contracted services	105,641	19,185	-	124,826	-	124,826
Solid waste	90,181	-	-	90,181	-	90,181
Utilities	60,181	-	-	60,181	-	60,181
Repairs and maintenance	369,026	-	-	369,026	-	369,026
Other expenditures	31,226	2,379	550	34,155	-	34,155
Tap connections	390,508	-	-	390,508	-	390,508
Capital outlay	244,111	-	7,303,846	7,547,957	(7,547,957)	-
Conveyance of capital assets	-	-	-	-	2,952,904	2,952,904
Depreciation and amortization	-	-	-	-	434,943	434,943
Debt service:						
Principal retirement	-	-	4,985,000	4,985,000	(4,985,000)	-
Interest and fees	-	182,635	124,106	306,741	240,175	546,916
Lease payments	167,600	-	-	167,600	(167,600)	-
Debt issuance costs	60,412	-	441,900	502,312	-	502,312
Total expenditures/expenses	1,834,034	204,199	12,855,402	14,893,635	(8,958,302)	5,935,333
Excess (Deficiency) of Revenues Over Expenditures	209,993	166,255	(12,855,003)	(12,478,755)	8,995,466	
Other Financing Sources (Uses)						
Interfund transfers in (out)	48,435	(8,435)	(40,000)	-	-	
General obligation bonds issued	-	396,900	8,688,100	9,085,000	(9,085,000)	
Bond anticipation notes issued	-	-	4,985,000	4,985,000	(4,985,000)	
Discount on debt issued	-	-	(271,719)	(271,719)	271,719	
Repayment of developer advances	-	-	(256,000)	(256,000)	256,000	
Total other financing sources	48,435	388,465	13,105,381	13,542,281	(13,542,281)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	258,428	554,720	250,378	1,063,526	(1,063,526)	
Change in Net Position					(3,483,289)	(3,483,289)
Fund Balances/Net Position						
Beginning of year, as previously reported	1,046,085	320,465	100,472	1,467,022	-	271,973
Adjustment applicable to prior years (Note 14)						(1,959,768)
Beginning of year, as restated						(1,687,795)
End of year	$ 1,304,513	$ 875,185	$ 350,850	$ 2,530,548	$ 0	$ (5,171,084)

Harris County Municipal Utility District No. 465

Notes to Financial Statements

May 31, 2023

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

Harris County Municipal Utility District No. 465 (the District) was created pursuant to Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution by an Act of the 79th Legislature of the State of Texas, effective September 1, 2005, codified as Chapter 8157, Texas Special District Local Laws Code (the Act). The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the Commission). The principal functions of the District are to finance, construct, own and operate waterworks, wastewater, drainage, park, road and other facilities and to provide such facilities and services to the customers of the District. The District may also provide solid waste disposal services.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2023, include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2023, the 2022 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

Within Harris County, the county government assumes the maintenance and other incidents of ownership of most road facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital and lease assets used in governmental activities are not financial resources and are not reported in the funds.	$ 19,047,123
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	26,517

Prepaid lease expenditures are not reported as assets in the statement of net position.	$	(38,600)
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(165,032)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(26,571,640)
Adjustment to fund balances to arrive at net position.	$	(7,701,632)

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

Change in fund balances.	$	1,063,526
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay expenditures exceeded depreciation and amortization expense, conveyance of capital assets and noncapitalized costs in the current period.		4,045,877
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.		256,000
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		271,719
Governmental funds report proceeds from sales of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any affect on net position.		(9,085,000)

Governmental funds report lease payments as expenditures. For the statement of activities, these are reported as a reduction of lease liability and as interest expense.	$	167,600
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.		37,164
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(240,175)
Change in net position of governmental activities.	$	(3,483,289)

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At May 31, 2023, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

At May 31, 2023, the District had no investments.

Note 3: Capital and Lease Assets

A summary of changes in capital and lease assets for the year ended May 31, 2023, is presented as follows:

Governmental Activities	Balances, Beginning of Year, Restated	Additions	Reclassi-fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	$ 5,535,012	$ 2,615,570	$ -	$ 8,150,582
Construction in progress	689,324	28,252	(689,324)	28,252
Total capital assets, non-depreciable	6,224,336	2,643,822	$ (689,324)	8,178,834
Capital and lease assets, depreciable and amortizable:				
Water production and distribution facilities	2,119,942	895,765	689,324	3,705,031
Wastewater collection and treatment facilities	2,311,386	814,372	-	3,125,758
Drainage facilities	1,976,430	1,569,222	-	3,545,652
Lease assets - equipment	709,925	548,981	-	1,258,906
Total capital and lease assets, depreciable/amortizable	7,117,683	3,828,340	689,324	11,635,347
Less accumulated depreciation and amortization:				
Water production and distribution facilities	(127,570)	(112,856)	-	(240,426)
Wastewater collection and treatment facilities	(133,421)	(93,639)	-	(227,060)
Drainage facilities	(71,124)	(79,036)	-	(150,160)
Lease assets - equipment	-	(149,412)	-	(149,412)
Total accumulated depreciation and amortization	(332,115)	(434,943)	0	(767,058)
Total governmental activities, net	$ 13,009,904	$ 6,037,219	$ 0	$ 19,047,123

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2023, were as follows.

Governmental Activities	Balances, Beginning of Year, Restated	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 5,700,000	$ 9,085,000	$ -	$ 14,785,000	$ -
Less discounts on bonds	116,209	271,719	-	387,928	-
	5,583,791	8,813,281	0	14,397,072	0
Bond anticipation note payable	-	4,985,000	4,985,000	-	
Developer advances	280,287	-	256,000	24,287	-
Due to developer	9,591,371	8,212,022	6,760,224	11,043,169	-
Lease liability	676,025	532,981	101,894	1,107,112	134,974
Total governmental activities long-term liabilities	$ 16,131,474	$ 22,543,284	$ 12,103,118	$ 26,571,640	$ 134,974

General Obligation Bonds Issued

	Series 2022	Series 2023
Amounts outstanding, May 31, 2023	$5,700,000	$9,085,000
Interest rates	3.00% to 4.50%	4.00% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2024/2047	September 1, 2024/2048
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2028	September 1, 2029

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2023.

Year	Principal	Interest	Total
2024	$ -	$ 639,298	$ 639,298
2025	335,000	621,112	956,112
2026	350,000	604,188	954,188
2027	365,000	586,462	951,462
2028	385,000	567,863	952,863
2029-2033	2,195,000	2,539,950	4,734,950
2034-2038	2,755,000	2,037,213	4,792,213
2039-2043	3,440,000	1,403,587	4,843,587
2044-2048	4,330,000	595,613	4,925,613
2049	630,000	12,600	642,600
Total	$ 14,785,000	$ 9,607,886	$ 24,392,886

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

Bonds voted:	
Water, sewer and drainage facilities and refunding	$ 247,940,000
Park and recreational facilities and refunding	27,635,000
Road facilities and refunding	146,280,000
Bonds sold:	
Water, sewer and drainage facilities	14,785,000

Due to Developer

The developer within the District has constructed facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission, as applicable, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $11,043,169. These amounts have been recorded in the financial statements as long-term liabilities.

Developer Advances

Since inception, the developer has advanced the District $24,287, net of repayments, to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming year. These advances have been recorded as liabilities in the financial statements.

Bond Anticipation Note

On June 28, 2022, the District issued it Series 2022 bond anticipation note in the amount of $4,985,000 at an interest rate of 3.75 percent. The note is a special limited obligation of the District and is payable solely from proceeds of the sale of the bonds. On February 22, 2023, the District issued bonds and redeemed the Series 2022 bond anticipation note.

Lease Liability

The following schedule shows the annual lease requirements to pay principal and interest on the lease liability outstanding at May 31, 2023:

Year	Principal	Interest	Total
2024	$ 134,974	$ 96,626	$ 231,600
2025	147,986	83,614	231,600
2026	145,496	69,604	215,100
2027	134,952	57,048	192,000
2028	325,653	37,814	363,467
2029-2031	218,051	36,319	254,370
Total	$ 1,107,112	$ 381,025	$ 1,488,137

Note 5: Significant Bond Order and Commission Requirements

A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended May 31, 2023, the District levied an ad valorem debt service tax at the rate of $0.7000 per $100 of assessed valuation, which resulted in a tax levy of $377,406 on the taxable valuation of $53,915,258 for the 2022 tax year. The interest requirements to be paid from the tax revenues and available resources are $506,715 of which $182,105 has been paid and $324,610 is due September 1, 2023.

B. In accordance with the Series 2022 and Series 2023 Bond Orders, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. The bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year	$	320,625
Additions--Interest appropriated from Series 2023 bond proceeds		396,900
Deductions--Interest paid on Series 2022 bonds		182,105
Bond interest reserve, end of year	$	535,420

C. During the year ended May 31, 2023, the District transferred $40,000 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held May 12, 2007, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2023, the District levied an ad valorem maintenance tax at the rate of $0.7500 per $100 of assessed valuation, which resulted in a tax levy of $404,365 on the taxable valuation of $53,915,258 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 4, 2019, voters authorized a road facilities maintenance tax not to exceed $1.50 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2023, the District did not levy an ad valorem road facilities maintenance tax.

At an election held May 4, 2019, voters authorized a park and recreational facilities maintenance tax not to exceed $0.1000 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2023, the District did not levy an ad valorem park and recreational facilities maintenance tax.

Note 7: Lease Agreements

On February 7, 2020, the District entered into an agreement to lease a 100,000 gallons-per-day (gpd) sewage treatment plant from AUC Group, Inc. Monthly lease payments of $11,300 will commence on the first day of the month following substantial completion of the installation and start-up of the leased equipment and continue for a term of 60 months. After the initial term, the lease continues on a month-to-month basis with monthly payments of $8,000. During the current year, the District recorded $135,600 in expenditures related to the lease.

In May 2022, the District entered into a lease of an additional 100,000 gpd wastewater treatment plant. The lease term is for 60 months with monthly payments of $8,000 upon substantial completion of the installation, which occurred in February 2023. After the initial term, the lease continues on a month-to-month basis with monthly payments of $4,765. During the current year, the District recorded $32,000 in expenditures related to the lease.

Note 8: Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority) which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of May 31, 2023, the Authority was billing the District $3.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

Note 9: Risk Management

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

Note 10: Economic Dependency

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

Note 11: Contingencies

The developer of the District is constructing facilities on behalf of the District within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, as applicable. The District's engineer has stated that current construction amounts are approximately $6,140,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 12: Subsequent Event

On October 19, 2023, the District sold its Series 2023A Unlimited Tax Bonds in the amount of $8,960,000 at a net effective interest rate of approximately 4.998 percent. The bonds were sold to reimburse the District's developer for completed construction projects.

Note 13: Adoption of New Accounting Standard

Effective June 1, 2022, the District adopted new accounting and financial reporting guidance, Governmental Accounting Standards Board Statement No. 87 (Statement No. 87), *Leases*.

Statement No. 87 creates one model for recognizing leases for both lessees and lessors. Substantially, all leases are recognized on the lessee's statement of net position. In the activity statement, lessees no longer report lease expense for the previously classified operating leases but instead report interest expense on the liability and amortization expense related to the asset. As a result of the adoption of Statement No. 87, the District increased beginning capital and lease assets by $709,925, decreased beginning prepaid expenses by $33,900 and increased beginning long-term liabilities by $676,025 as of June 1, 2022.

There was no effect on beginning net position as a result of the adoption of Statement No. 87.

Note 14: Restatement of Prior Year Financial Statements

Beginning net position in the government-wide financial statements has been restated for the correction of an error of $1,959,768, due to road facilities having been incorrectly included in the District's capital assets, when these facilities were conveyed to another governmental entity for maintenance. This restatement reduced previously reported ending net position in the May 31, 2022, financial statements by $1,959,768 and reduced the previously reported change in net position in the May 31, 2022, financial statements by $608,746.

Required Supplementary Information

Harris County Municipal Utility District No. 465

Budgetary Comparison Schedule – General Fund

Year Ended May 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 588,000	$ 366,300	$ 391,302	$ 25,002
Water service	50,000	152,000	142,527	(9,473)
Sewer service	50,000	192,000	213,991	21,991
Regional water fee	60,000	198,000	202,410	4,410
Penalty and interest	3,500	10,000	12,947	2,947
Tap connection and inspection fees	214,000	776,000	1,066,890	290,890
Investment income	500	10,000	13,960	3,960
Total revenues	966,000	1,704,300	2,044,027	339,727
Expenditures				
Service operations:				
Regional water fee	10,350	188,000	212,812	(24,812)
Professional fees	64,500	104,200	102,336	1,864
Contracted services	58,705	192,825	105,641	87,184
Solid waste	12,000	86,000	90,181	(4,181)
Utilities	16,750	50,000	60,181	(10,181)
Repairs and maintenance	191,699	219,754	369,026	(149,272)
Other expenditures	20,395	23,675	31,226	(7,551)
Tap connections	100,000	145,000	390,508	(245,508)
Capital outlay	951,340	631,540	244,111	387,429
Debt service:				
Debt issuance costs	-	-	60,412	(60,412)
Lease payments	135,600	188,100	167,600	20,500
Total expenditures	1,561,339	1,829,094	1,834,034	(4,940)
Excess (Deficiency) of Revenues Over Expenditures	(595,339)	(124,794)	209,993	334,787
Other Financing Sources				
Interfund transfers in	-	-	48,435	48,435
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(595,339)	(124,794)	258,428	383,222
Fund Balances, Beginning of Year	1,046,085	1,046,085	1,046,085	-
Fund Balances, End of Year	$ 450,746	$ 921,291	$ 1,304,513	$ 383,222

Harris County Municipal Utility District No. 465

Notes to Required Supplementary Information

May 31, 2023

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2023.

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

Supplementary Information

Harris County Municipal Utility District No. 465

Other Schedules Included Within This Report

May 31, 2023

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

[X] Notes Required by the Water District Accounting Manual
  See "Notes to Financial Statements," Pages 14-28

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[ ] Schedule of Temporary Investments – Not Applicable

[X] Analysis of Taxes Levied and Receivable

[X] Schedule of Long-term Debt Service Requirements by Years

[X] Changes in Long-term Bonded Debt

[X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund

[X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 465
Schedule of Services and Rates
Year Ended May 31, 2023

1. Services provided by the District:

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

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

___ Other ___

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 24.00	5,000	N	$ 1.00	5,001	to	10,000
				$ 1.50	10,001	to	20,000
				$ 2.00	20,001	to	No Limit
Wastewater:	$ 43.10	0	Y				
Regional water fee:	$ 4.35	1,000	N	$ 4.35	1,001	to	No Limit

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

Total charges per 10,000 gallons usage (including fees): Water $ 72.50 Wastewater $ 43.10

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	683	683	x1.0	683
1"	-	-	x2.5	-
1 1/2"	-	-	x5.0	-
2"	6	6	x8.0	48
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	1	1	x115.0	115
Total water	691	691		926
Total wastewater	687	687	x1.0	687

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

Gallons pumped into the system:	55,294
Gallons billed to customers:	52,126
Water accountability ratio (gallons billed/gallons pumped):	94.27%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 465
Schedule of General Fund Expenditures
Year Ended May 31, 2023

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 14,200	
Legal	49,737	
Engineering	38,399	
Financial advisor	-	102,336
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		212,812
Contracted Services		
Bookkeeping	13,615	
General manager	-	
Appraisal district	-	
Tax collector	4,250	
Security	-	
Other contracted services	87,776	105,641
Utilities		60,181
Repairs and Maintenance		369,026
Administrative Expenditures		
Directors' fees	7,200	
Office supplies	-	
Insurance	20,034	
Other administrative expenditures	3,992	31,226
Capital Outlay		
Capitalized assets	244,111	
Expenditures not capitalized	-	244,111
Tap Connection Expenditures		390,508
Solid Waste Disposal		90,181
Lease Payments		167,600
Parks and Recreation		-
Other Expenditures - Debt Issuance Costs		60,412
Total expenditures		$ 1,834,034

Harris County Municipal Utility District No. 465
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 653	$ -
Additions and corrections to prior years' taxes	-	-
Adjusted receivable, beginning of year	653	0
2022 Original Tax Levy	370,518	345,817
Additions and corrections	33,847	31,589
Adjusted tax levy	404,365	377,406
Total to be accounted for	405,018	377,406
Tax collections: Current year	(390,649)	(364,605)
Prior years	(653)	-
Receivable, end of year	$ 13,716	$ 12,801
Receivable, by Years		
2022	$ 13,716	$ 12,801

Harris County Municipal Utility District No. 465

Analysis of Taxes Levied and Receivable (Continued)

Year Ended May 31, 2023

	2022	2021	2020	2019
Property Valuations				
Land	$ 25,686,899	$ 15,521,606	$ 73,873	$ 37,054
Improvements	30,905,288	438,270	-	-
Personal property	164,771	93	103	-
Exemptions	(2,841,700)	(475,492)	(103)	-
Total property valuations	$ 53,915,258	$ 15,484,477	$ 73,873	$ 37,054
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.7000	$ -	$ -	$ -
Maintenance tax rates*	0.7500	1.4500	1.4500	1.4500
Total tax rates per $100 valuation	$ 1.4500	$ 1.4500	$ 1.4500	$ 1.4500
Tax Levy	$ 781,771	$ 224,525	$ 1,071	$ 537
Percent of Taxes Collected to Taxes Levied**	97%	100%	100%	100%

*Maximum tax rate approved by voters: $1.50 on May 12, 2007

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

Harris County Municipal Utility District No. 465
Schedule of Long-term Debt Service Requirements by Years
May 31, 2023

	Series 2022		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ -	$ 232,475	232,475
2025	150,000	230,225	380,225
2026	155,000	225,650	380,650
2027	160,000	220,925	380,925
2028	170,000	215,975	385,975
2029	175,000	210,582	385,582
2030	180,000	204,587	384,587
2031	190,000	197,875	387,875
2032	195,000	190,656	385,656
2033	200,000	183,250	383,250
2034	210,000	175,300	385,300
2035	220,000	166,700	386,700
2036	225,000	157,800	382,800
2037	235,000	148,307	383,307
2038	245,000	138,106	383,106
2039	255,000	127,481	382,481
2040	260,000	116,375	376,375
2041	270,000	104,781	374,781
2042	280,000	92,750	372,750
2043	290,000	80,100	370,100
2044	305,000	66,713	371,713
2045	315,000	52,762	367,762
2046	325,000	38,363	363,363
2047	340,000	23,400	363,400
2048	350,000	7,875	357,875
Totals	$ 5,700,000	$ 3,609,013	$ 9,309,013

Harris County Municipal Utility District No. 465

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2023

	Series 2023		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due March 1, September 1	Total
2024	$ -	$ 406,823	$ 406,823
2025	185,000	390,887	575,887
2026	195,000	378,538	573,538
2027	205,000	365,537	570,537
2028	215,000	351,888	566,888
2029	225,000	337,588	562,588
2030	240,000	322,475	562,475
2031	250,000	308,737	558,737
2032	265,000	297,500	562,500
2033	275,000	286,700	561,700
2034	290,000	275,400	565,400
2035	305,000	263,500	568,500
2036	325,000	250,900	575,900
2037	340,000	237,600	577,600
2038	360,000	223,600	583,600
2039	375,000	208,900	583,900
2040	395,000	193,500	588,500
2041	415,000	177,300	592,300
2042	440,000	160,200	600,200
2043	460,000	142,200	602,200
2044	485,000	123,300	608,300
2045	510,000	103,400	613,400
2046	540,000	82,400	622,400
2047	565,000	60,300	625,300
2048	595,000	37,100	632,100
2049	630,000	12,600	642,600
Totals	$ 9,085,000	$ 5,998,873	$ 15,083,873

Harris County Municipal Utility District No. 465

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2023

	Annual Requirements For All Series		
Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	$ -	$ 639,298	$ 639,298
2025	335,000	621,112	956,112
2026	350,000	604,188	954,188
2027	365,000	586,462	951,462
2028	385,000	567,863	952,863
2029	400,000	548,170	948,170
2030	420,000	527,062	947,062
2031	440,000	506,612	946,612
2032	460,000	488,156	948,156
2033	475,000	469,950	944,950
2034	500,000	450,700	950,700
2035	525,000	430,200	955,200
2036	550,000	408,700	958,700
2037	575,000	385,907	960,907
2038	605,000	361,706	966,706
2039	630,000	336,381	966,381
2040	655,000	309,875	964,875
2041	685,000	282,081	967,081
2042	720,000	252,950	972,950
2043	750,000	222,300	972,300
2044	790,000	190,013	980,013
2045	825,000	156,162	981,162
2046	865,000	120,763	985,763
2047	905,000	83,700	988,700
2048	945,000	44,975	989,975
2049	630,000	12,600	642,600
Totals	$ 14,785,000	$ 9,607,886	$ 24,392,886

Harris County Municipal Utility District No. 465
Changes in Long-term Bonded Debt
Year Ended May 31, 2023

	Bond Issues		
	Series 2022	Series 2023	Totals
Interest rates	3.00% to 4.50%	4.00% to 6.50%	
Dates interest payable	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2024/2047	September 1, 2024/2048	
Bonds outstanding, beginning of current year	$ 5,700,000	$ -	$ 5,700,000
Bonds sold during current year	-	9,085,000	9,085,000
Retirements, principal	-	-	-
Bonds outstanding, end of current year	$ 5,700,000	$ 9,085,000	$ 14,785,000
Interest paid during current year	$ 182,105	$ 0	$ 182,105

Paying agent's name and address:

Series 2022 - Zions Bancorporation, National Association, Houston, Texas
Series 2023 - Zions Bancorporation, National Association, Houston, Texas

Bond authority:	Water, Sewer and Drainage and Refunding Bonds	Park and Recreational and Refunding Bonds	Road and Refunding Bonds
Amount authorized by voters	$ 247,940,000	$ 27,635,000	$ 146,280,000
Amount issued	$ 14,785,000	$ -	$ -
Remaining to be issued	$ 233,155,000	$ 27,635,000	$ 146,280,000

Debt service fund cash and temporary investment balances as of May 31, 2023:	$ 898,379
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 938,188

Harris County Municipal Utility District No. 465

Comparative Schedule of Revenues and Expenditures – General Fund

Three Years Ended May 31,

	Amounts		
	2023	2022	2021
General Fund			
Revenues			
Property taxes	$ 391,302	$ 224,514	$ 852
Water service	142,527	46,726	1,500
Sewer service	213,991	49,475	1,178
Regional water fee	202,410	64,363	935
Penalty and interest	12,947	3,540	-
Tap connection and inspection fees	1,066,890	453,749	137,292
Investment income	13,960	512	-
Sale of capacity	-	-	1,237,236
Other income	-	211,168	-
Total revenues	2,044,027	1,054,047	1,378,993
Expenditures			
Service operations:			
Regional water fee	212,812	22,452	-
Professional fees	102,336	79,791	57,765
Contracted services	105,641	125,944	25,986
Solid waste	90,181	13,655	281
Utilities	60,181	35,087	10,730
Repairs and maintenance	369,026	145,877	126,454
Other expenditures	31,226	18,471	15,511
Tap connections	390,508	173,600	64,600
Capital outlay	244,111	689,324	-
Debt service:			
Debt issuance costs	60,412	40,000	-
Lease payments	167,600	135,600	56,500
Total expenditures	1,834,034	1,479,801	357,827
Excess (Deficiency) of Revenues Over Expenditures	209,993	(425,754)	1,021,166
Other Financing Sources			
Interfund transfers in	48,435	-	-
Developer advances received	-	238,000	198,000
Total other financing sources	48,435	238,000	198,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	258,428	(187,754)	1,219,166
Fund Balance, Beginning of Year	1,046,085	1,233,839	14,673
Fund Balance, End of Year	$ 1,304,513	$ 1,046,085	$ 1,233,839
Total Active Retail Water Connections	691	166	31
Total Active Retail Wastewater Connections	687	160	28

Percent of Fund Total Revenues		
2023	2022	2021
19.1 %	21.3 %	0.0 %
7.0	4.4	0.1
10.5	4.7	0.2
9.9	6.1	0.0
0.6	0.3	-
52.2	43.1	9.9
0.7	0.1	-
-	-	89.8
-	20.0	-
100.0	100.0	100.0
10.4	2.1	-
5.0	7.6	4.1
5.2	11.9	1.9
4.4	1.3	0.2
2.9	3.3	0.8
17.2	13.8	9.1
2.4	1.8	1.1
19.1	16.5	4.6
11.9	65.4	-
3.0	3.8	-
8.2	12.9	4.1
89.7	140.4	25.9
10.3 %	(40.4) %	74.1 %

Harris County Municipal Utility District No. 465
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Two Years Ended May 31,

	Amounts		Percent of Fund Total Revenues	
	2023	2022	2023	2022
Debt Service Fund				
Revenues				
Property taxes	$ 364,605	$ -	98.4 %	- %
Penalty and interest	3,582	-	1.0	-
Investment income	2,267	10	0.6	100
Total revenues	370,454	10	100.0	100.0
Expenditures				
Current:				
Contracted services	19,185	-	5.2	-
Other expenditures	2,379	170	0.6	1,700.0
Debt service, interest and fees	182,635	-	49.3	-
Total expenditures	204,199	170	55.1	1,700.0
Excess (Deficiency) of Revenues Over Expenditures	166,255	(160)	44.9 %	(1,600.0) %
Other Financing Sources (Uses)				
General obligation bonds issued	396,900	320,625		
Interfund transfers out	(8,435)	-		
Total other financing sources	388,465	320,625		
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	554,720	320,465		
Fund Balance, Beginning of Year	320,465	-		
Fund Balance, End of Year	$ 875,185	$ 320,465		

Harris County Municipal Utility District No. 465
Board Members, Key Personnel and Consultants
Year Ended May 31, 2023

Complete District mailing address:	Harris County Municipal Utility District No. 465 c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	
District business telephone number:	713.651.0111	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		May 17, 2022
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Cynthia Hill	Elected 05/20-05/24	$ 1,500	$ 63	President
Darren O'Conor	Elected 05/22-05/26	1,650	28	Vice President
Christopher Charboneau	Elected 05/22-05/26	1,350	23	Secretary
Kimberly Lewis	Appointed 01/22-05/24	1,500	0	Assistant Secretary
Leslie Richardson	Elected 05/20-05/24	1,200	51	Assistant Secretary

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

Harris County Municipal Utility District No. 465

Board Members, Key Personnel and Consultants (Continued)

Year Ended May 31, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
B&A Municipal Tax Service, LLC	05/13/19	$ 21,085	Tax Assessor/ Collector
Coats Rose, P.C.	12/20/06	49,737	General Counsel
		254,038	Bond Counsel
Elevation Land Solutions, LLC	01/29/19	98,811	Engineer
FORVIS, LLP	05/26/21	35,600	Auditor
Harris Central Appraisal District	Legislative Action	3,560	Appraiser
L&S District Services, LLC	02/28/07	14,815	Bookkeeper
Robert W. Baird & Co. Inc.	01/29/19	233,923	Financial Advisor
TNG Utility Corp.	05/13/19	686,142	Operator
Investment Officer			
Debra Loggins	01/01/19	N/A	Bookkeeper

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

ASSURED GUARANTY INC.

By ______________________________
Authorized Officer