

OFFICIAL STATEMENT DATED MAY 12, 2025

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

THE BONDS HAVE BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-BOOK-ENTRY-ONLY

Insured Rating (AG): S&P “AA” (stable outlook)
See “MUNICIPAL BOND RATING” and
“MUNICIPAL BOND INSURANCE” herein.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 458
(A political subdivision of the State of Texas located within Harris County)
\$5,590,000
UNLIMITED TAX ROAD BONDS
SERIES 2025

Dated Date: June 1, 2025

Due: September 1, as shown on the cover

Interest Accrual Date: Date of Delivery

The bonds described above (the “Bonds”) are obligations solely of Harris County Municipal Utility District No. 458 (the “District”), and are not obligations of the State of Texas, Harris County, the City of Houston, the Master District (as defined herein) or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “RISK FACTORS.”

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the “Paying Agent/Registrar”). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about June 10, 2025) (the “Date of Delivery”) and is payable on each September 1 and March 1 (each an “Interest Payment Date”) commencing September 1, 2025, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of \$5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the cover.

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



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

MATURITY SCHEDULE

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2026	\$ 100,000	6.500%	3.450%	41453W AA3	***	***	***	***	***
2027	105,000	7.000%	3.500%	41453W AB1	2040	\$ 200,000 (a)	4.500%	4.550%	41453W AQ8
2028	115,000	7.000%	3.550%	41453W AC9	2041	210,000 (a)	4.500%	4.600%	41453W AR6
2029	120,000	7.000%	3.600%	41453W AD7	2042	225,000 (a)	4.500%	4.640%	41453W AS4
2030	125,000	7.000%	3.650%	41453W AE5	2043	235,000 (a)	4.500%	4.670%	41453W AT2
2031	130,000	7.000%	3.700%	41453W AF2	2044	245,000 (a)	4.500%	4.700%	41453W AU9
2032	135,000 (a)	7.000%	3.750%	41453W AG0	2045	260,000 (a)	4.625%	4.720%	41453W AV7
2033	145,000 (a)	5.875%	3.800%	41453W AH8	2046	270,000 (a)	4.625%	4.740%	41453W AW5
2034	150,000 (a)	4.500%	4.000%	41453W AJ4	2047	285,000 (a)	4.625%	4.760%	41453W AX3
2035	160,000 (a)	4.500%	4.100%	41453W AK1	2048	300,000 (a)	4.625%	4.780%	41453W AY1
2036	165,000 (a)	4.500%	4.200%	41453W AL9	2049	315,000 (a)	4.625%	4.800%	41453W AZ8
2037	175,000 (a)	4.500%	4.300%	41453W AM7	2050	330,000 (a)	4.750%	4.820%	41453W BA2

\$380,000 Term Bonds due September 1, 2039 (a), 41453W AP0 (b), 4.500% Interest Rate, 4.530% Yield (c)

\$710,000 Term Bonds due September 1, 2052 (a), 41453W BC8 (b), 4.750% Interest Rate, 4.830% Yield (c)

- (a) Bonds maturing on or after September 1, 2032, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on September 1, 2031, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Initial Reoffering Yield represents the initial offering yield to the public, which will be established by the Underwriter for offers to the public and which subsequently may be changed.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein.

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson, LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about June 10, 2025.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), paying the interest rates shown on the cover page hereof, at a price of 97.0016% of the principal amount thereof which resulted in a net effective interest rate of 4.900807% as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

<i>Description...</i>	Harris County Municipal Utility District No. 458 (the “District”) is a political subdivision of the State of Texas, created by an order of the Texas Commission of Environmental Quality (the “TCEQ”) on December 21, 2006, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8418 of the Texas Special District Local Laws Code. The District consists of approximately 589 acres of land. See “THE DISTRICT.”
<i>Location...</i>	The District is located approximately 35 miles west of the central downtown business district of the City of Houston, Texas in Harris County. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. Access to the District is provided by the Grand Parkway (Texas State Highway 99). Main thoroughfares to the community include Farm-to-Market 529, Katy Hockley Cut-Off Road, Peek Road, Stockdick Road and Beckendorff Road with the main entrance to Elyson on Farm-to-Market 529. See “THE DISTRICT—Description and Location” and “AERIAL LOCATION MAP.”
<i>Elyson...</i>	<p>The District is one of six municipal utility districts being developed and marketed as part of Elyson, a master-planned community currently planned to encompass approximately 3,586 acres at full development.</p> <p>Recreational amenities within Elyson include a 6,500 square foot welcome center that includes a pool, a fitness center, a game room located in Harris County Municipal Utility District No. 457 and a second 3,600 square foot recreation center within Harris County Municipal Utility District No. 534 which includes two pools, a fitness center, and a space for special events and other activities. Park and open space within the District are or are planned to be connected by a master trail system.</p>
<i>The Developers...</i>	<p>NASH FM 529, LLC (“Nash FM 529”) a Delaware limited liability company, was created for the sole purpose of acquiring and developing Elyson, including the District, and its only substantial asset consists of land in Elyson. North America Sekisui House L.L.C., a Delaware limited liability company, owns a 95% interest in NASH FM 529. American Newland Communities II, LLC., a Delaware limited liability company (“Newland”) owns a 5% interest in NASH FM 529. Newland is wholly owned by Brookfield Communities US, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development L.L.C. (“Brookfield”), which is indirectly wholly owned by Brookfield Residential Properties, Inc. Brookfield is a global developer and operator of real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics. NASH FM 529 has currently developed approximately 46 acres within the District. Such acreage consists of approximately 16 acres for single-family rental residential being marketed as Millers at Elyson (126 lots and 13 duplexes) and approximately 30 acres of traditional single-family residential (145 lots). Nash FM 529 continues to own approximately 147 acres of vacant land within the District.</p> <p>PPE GCW, LP, a Texas limited partnership (“PPE”) is the developer of approximately 149 acres of land in the District, all of which is served with utilities. 37 acres of land and buildings of such acreage comprises the Builders FirstSource distribution center (838,446 square feet). Builders FirstSource leases such facilities from GCW BFS SPV, LLC and is responsible for all tax payments on such land and building. In addition, Southeastern Freight Lines has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage. PPE continues to own approximately 85 acres of vacant developable land within the District.</p> <p>Nash FM 529, Brookfield and PPE are collectively referred to herein as the “Developers.” Neither the Developers nor any other landowner are obligated to pay any principal of or interest on the Bonds. See “RISK FACTORS—Dependence on Major Taxpayers and the Developers,” THE DISTRICT—Status of Development,” “THE DEVELOPERS” and “TAX DATA—Principal Taxpayers” and “APPENDIX B.”</p>

Status of Development...

As of March 31, 2025, single-family residential includes 126 rental home lots and 13 duplex lots (26 residential units) on approximately 16 acres. As of March 15, 2025, 59 rental homes/duplex lots were completed and occupied, 35 rental homes/duplex lots were under construction and 45 rental home/duplex lots were vacant. The rental community is owned and leased by Brookfield. See “RISK FACTORS—Rental Homes.” In addition, approximately 30 acres within the District has been developed as Elyson Cy-Fair, Section One, consisting of 145 traditional single-family lots, with home construction expected to begin in July 2025. Brookfield and David Weekley are expected to be the homebuilder within such section with prices ranging from \$350,000 to \$425,000.

Commercial/Industrial: Approximately 195 acres within the District have been served with trunk utilities for commercial/industrial use, of which approximately 64 acres have had taxable improvements constructed as of March 31, 2025. Such development currently includes the Builders FirstSource distribution center (838,446 square feet) which has been constructed on approximately 37 acres of such acreage and Southeastern Freight Lines which has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage.

Tax-Exempt: Harmony Charter School owns approximately 26 acres within the District upon which a school campus has been constructed. The school site is exempt from ad valorem taxation.

Approximately 206 acres are not developable (public right-of-way, detention, lakes, amenities, open spaces, easements, parks and utility sites), and approximately 116 developable acres have not been provided with trunk facilities as of March 31, 2025. See “RISK FACTORS,” “THE DISTRICT—Status of Development,” and “TAX DATA—Principal Taxpayers.”

Water and Wastewater...

Harris County Municipal Utility District No. 171 (the “Master District”), in its capacity as the provider of regional water, wastewater, storm sewer facilities (“Master District Water/Sewer/Drainage Facilities”), regional park facilities (“Master District Park Facilities”), regional road facilities (“Master District Road Facilities”) and other facilities necessary to serve the Service Area (as defined herein), including the District (hereinafter collectively referred to as the “Master District Facilities”), has contracted with the District to construct and provide service from the Master District Facilities. The Master District owns and operates the Master District Facilities, with the exception of roads conveyed to and accepted by Harris County. See “THE ROAD SYSTEM.” The District provides the internal water distribution, wastewater collection and storm drainage utilities within its boundaries. See “THE SYSTEM—The Master District Contract,” and “—Master District Facilities.”

Payment Record...

The Bonds are the District’s first issuance of debt. The District will capitalize twenty-four (24) months of interest from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED).”

Future Debt...

The District has authorized the preparation and submittal of a bond application to the TCEQ requesting approval to sell approximately \$3,510,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities. The District expects approval from the TCEQ and issuance of such bonds in the fourth quarter of 2025. See “RISK FACTORS—Future Debt.”

THE BONDS

Description...

The \$5,590,000 Unlimited Tax Road Bonds, Series 2025 (the “Bonds”) are being issued as fully registered bonds pursuant to a resolution (the “Bond Resolution”) authorizing the issuance of the Bonds adopted by the District's Board of Directors (the “Board”). The Bonds are scheduled to mature serially on September 1 in the years 2026 through 2037, both inclusive, 2040 through 2050, both inclusive, and mature as term bonds on September 1 in each of the years 2039 and 2052 (the “Term Bonds”) in the principal amounts and accrue interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery, and is payable on September 1, 2025, and each September 1 and March 1 thereafter, until maturity or prior redemption. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. See “THE BONDS.”

<i>Book-Entry-Only System...</i>	The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after September 1, 2032, are subject to redemption prior to their maturity dates in whole, or from time to time in part, at the option of the District on September 1, 2031, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to finance road facilities as described herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds will be used to capitalize twenty-four (24) months of interest on the Bonds; to pay interest on funds advanced by the Developers on behalf of the District; to pay engineering fees and administrative costs; and to pay certain other costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Authority for Issuance...</i>	The Bonds are the first series of bonds issued out of an aggregate of \$73,910,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of constructing roads and related improvements and refunding such bonds. The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8418 of the Texas Special District Local Laws Code and a resolution authorizing the issuance of the Bonds (the “Bond Resolution”). See and “THE BONDS—Authority for Issuance,” “—Issuance of Additional Debt,” and “RISK FACTORS—Future Debt.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, the Master District or any entity other than the District. See “THE BONDS—Source of Payment.”
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) is expected to assign a municipal bond insured rating of “AA” (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. (“AG” or the “Insurer”). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX C.”
<i>Qualified Tax-Exempt Obligations...</i>	The Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986. See “TAX MATTERS—Qualified Tax-Exempt Obligations.”
<i>Bond Counsel...</i>	Allen Boone Humphries Robinson LLP, Houston, Texas. See “MANAGEMENT OF THE DISTRICT” and “LEGAL MATTERS.”
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas.
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A., Houston, Texas.

RISK FACTORS

The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned “RISK FACTORS.”

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2024 Certified Taxable Assessed Valuation.....	\$73,546,779	(a)
Estimated Taxable Assessed Valuation as of December 15, 2024	\$146,500,697	(b)
Gross Direct Debt Outstanding (the Bonds).....	\$ 5,590,000	(c)
Estimated Overlapping Debt	11,732,734	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$17,322,734	
Ratios of Gross Direct Debt to:		
2024 Certified Taxable Assessed Valuation	7.60%	
Estimated Taxable Assessed Valuation as of December 15, 2024.....	3.82%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2024 Certified Taxable Assessed Valuation	23.55%	
Estimated Taxable Assessed Valuation as of December 15, 2024.....	11.82%	
Debt Service Funds Available:		
Capitalized Interest from Bonds Proceeds (Twenty-Four (24) Months).....	\$556,363	(e)
Operating Funds Available as of April 14, 2025.....	\$1,411,838	
Contract Tax Funds Available as of April 14, 2025	\$ 327,067	(f)
2024 Maintenance Tax Rate.....	\$0.45	
2024 Contract Tax Rate.....	0.73	(g)
2024 Total Tax Rate.....	\$1.18	
Average Annual Debt Service Requirement (2026-2052).....	\$372,123	(h)
Maximum Annual Debt Service Requirement (2052).....	\$382,338	(h)
Tax Rates Required to Pay Average Annual Debt Service (2026-2052) at a 90% Collection Rate		
Based upon 2024 Certified Taxable Assessed Valuation.....	\$0.57	(h)
Based upon Estimated Taxable Assessed Valuation as of December 15, 2024	\$0.29	(h)
Tax Rates Required to Pay Maximum Annual Debt Service (2052) at a 90% Collection Rate		
Based upon 2024 Certified Taxable Assessed Valuation.....	\$0.58	(i)
Based upon Estimated Taxable Assessed Valuation as of December 15, 2024	\$0.29	(i)
Status of Development as of March 15, 2025 (j):		
<u>Rental Single-Family</u>		
Total Rental Single-Family Lots Completed (126 lots and 13 Duplex).....	139	
Total Rental Single-Family Occupied.....	59	
Total Rental Homes/Duplex Under Construction	35	
Total Rental Homes/Duplex Lots Available for Home Construction	45	
<u>Traditional Single-Family</u>		
Total Traditional Single-Family Lots Completed	145	
Total Traditional Single-Family Occupied	0	
Total Traditional Single-Family Under Construction	0	
Total Traditional Single-Family Lots Available for Home Construction	145	
Commercial/Industrial	(j)	
Estimated Population	203	(k)

- (a) As certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on December 15, 2024, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2024 and December 15, 2024 will be certified as of January 1, 2025. See "TAXING PROCEDURES."
- (c) After the issuance of the Bonds.
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt," and "—Overlapping Taxes."
- (e) The District will capitalize twenty-four (24) months of interest from the Bonds proceeds and deposit such funds in the Road Debt Service Fund. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (f) See "RISK FACTORS—Overlapping Master District Debt and Contract Tax Rates."
- (g) See "THE SYSTEM—The Master District Contract."
- (h) The District expects to levy its initial debt service tax in 2025. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (i) See "TAX DATA—Tax Adequacy for Debt Service" and "RISK FACTORS—Possible Impact on District Tax Rates."
- (j) See "THE DISTRICT—Status of Development."
- (k) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 458 *(A political subdivision of the State of Texas located within Harris County)*

\$5,590,000

UNLIMITED TAX ROAD BONDS SERIES 2025

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 458 (the “District”) of its \$5,590,000 Unlimited Tax Road Bonds, Series 2025 (the “Bonds”).

The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 8418 of the Texas Special District Local Laws Code, an election held within the District and a resolution authorizing the issuance, sale and delivery of the Bonds adopted by the Board of Directors of the District (the “Bond Resolution”).

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, NASH FM 529, LLC, a Delaware limited liability company (“NASH FM 529”), Brookfield Properties Development L.L.C. (“Brookfield”), PPE GCW, LP, a Texas limited partnership (“PPE”) and development activity in the District. NASH FM529, Brookfield and PPE are collectively referred herein as the “Developers.” All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

RISK FACTORS

General

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

Dependence on Major Taxpayers and the Developers

The ten principal taxpayers represent \$73,546,779 or 100.00% of the 2024 Certified Taxable Assessed Valuation of \$73,546,779 within the District as of January 1, 2024. See “THE DEVELOPERS” and “TAX DATA—Principal Taxpayers.” The principal taxpayer is GCW BFS SPV LLC representing \$24,975,208 or 33.96% of the 2024 Certified Taxable Assessed Valuation and consists of the Builders FirstSource warehouse/distribution center. The land and building of such property are leased from GCW BFS SPV, LLC. GCW BFS SPV LLC is responsible for all tax payments on such land and building. NASH FM 529 LLC is the second largest taxpayer in the District representing approximately \$22,528,819 or 30.63% of the 2024 Certified Taxable Assessed Valuation. An accurate principal taxpayer list related to the Estimated Taxable Assessed Valuation as of December 15, 2024, of \$146,500,697, is not available as of the date hereof. The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay taxes in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect upon the District’s ability to pay debt service on the Bonds. See “Tax Collections Limitations and Foreclosure Remedies” herein.

The Developers and their affiliates have informed the District that their current plans are to continue developing their property in the District and/or marketing lots and commercial tracts. However, neither the Developers nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers and other landowners to implement any plan of development. Furthermore, there is no restriction on any landowner’s right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developers, their affiliates or any other landowners. See “THE DEVELOPERS,” “APPENDIX B” and “THE DISTRICT—Status of Development.”

Personal Property

A significant portion of the District's 2024 tax base is comprised of constructed distribution/warehouse facilities. As of the 2024 certified tax roll provided by the Appraisal District, approximately 1.41% of such certified value is comprised of personal property due to timing of construction and appraisal roll. Such percentage of personal property is likely to increase significantly as more buildings and other improvements in the District are completed and upon release of the certified valuation for tax year 2025. Unlike real property, there is no certainty that personal property will remain in the District from year to year. Business inventories are portable and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year. See "THE DEVELOPERS" and "TAX DATA—Principal Taxpayers."

Undeveloped Acreage and Vacant Lots

There are approximately 116 developable acres of land within the District that have not been fully provided with water, wastewater and storm drainage facilities necessary to the construction of new development and 45 rental homes/ duplex lots and 145 single family lots that remain vacant as of March 15, 2025. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding programs. Failure of the Developers to develop the developable land or of builders to construct taxable improvements on the land could restrict the rate of growth of taxable values in the District.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of commercial/industrial properties, multi-family, and undeveloped land. The market value of such properties and undeveloped land is related to general economic conditions in the greater Houston region and the national economy and those conditions can affect the demand for residences. Demand for properties of this type, and undeveloped land can be significantly affected by factors such as interest rates, credit availability, construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 35 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City of Houston and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Developer Obligation to the District

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

Rental Homes

As of March 31, 2025, approximately 139 (126 home lots and 13 duplex lots) of the completed 284 lots of single-family residential development within the District are considered rental properties. Upon completion, such properties are owned by Brookfield and leased to residents in the District. Brookfield is responsible for the payment of property taxes and maintenance of the homes. See "THE DISTRICT—Status of Development."

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2024 Certified Taxable Assessed Valuation is \$73,546,779. After issuance of the Bonds, the maximum annual debt service requirement will be \$382,338 (2052), and the average annual debt service requirement will be \$372,123 (2026-2052 inclusive). Assuming no increase or decrease from the 2024 Certified Taxable Assessed Valuation of \$73,546,779, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.57 and \$0.58 per \$100 of taxable assessed valuation at a ninety percent (90%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of December 15, 2024 of \$146,500,697, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.29 and \$0.29 per \$100 of taxable assessed valuation at a ninety percent (90%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2024 Certified Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of December 15, 2024, the District can make no representations regarding the future level of assessed valuation within the District. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements” and “TAX DATA—Tax Adequacy for Debt Service.”

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of December 15, 2024 will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. The Estimated Taxable Assessed Valuation is provided by the Appraisal District for informational purposes only. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2024 and December 15, 2024, will be certified as of January 1, 2025, and provided for purposes of taxation in the summer of 2025. See “TAXING PROCEDURES.”

Overlapping Master District Debt and Contract Tax

Harris County Municipal Utility District No. 171 (the “Master District,” or “MUD 171”) is a political subdivision of the State of Texas, created by an order of the Texas Water Commission (predecessor to the TCEQ) on October 16, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The Master District also serves as a provider of regional water, wastewater, drainage, regional park/recreational and regional road facilities to the approximate 3,586 acre Service Area, which includes the following municipal utility districts: MUD 171, Harris County Municipal Utility District No. 457 (“MUD 457”), Harris County Municipal Utility District No. 532 (“MUD 532”), Harris County Municipal Utility District No. 533 (“MUD 533”), Harris County Municipal Utility District No. 534 (“MUD 534”) and the District. Each of MUD 171, MUD 457, MUD 532, MUD 533, MUD 534 and the District has executed a Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended (individually referred to as the “Master District Contract” and collectively referred to as the “Master District Contracts”) and are referred to herein as the “Participants.”

The Master District has issued contract revenue bonds for the purpose of purchasing or acquiring regional water, sanitary sewer, and drainage facilities (“Water/Sewer/Drainage Contract Revenue Bonds”) in the principal amount of \$160,695,000, \$151,095,000 of which is outstanding as of the date hereof. In addition, the Master District has issued contract revenue bonds for the purpose of constructing or acquiring roads and related improvements (“Road Contract Revenue Bonds”) in the principal amount of \$16,980,000, \$15,740,000 of which is currently outstanding. The Master District intends to submit to the TCEQ, an application for authorization to sell approximately \$50,000,000 principal amount of Contract Revenue Bonds for water, sewer and drainage facilities, with issuance of such bonds expected in the fourth quarter of 2025. All issuances of contract revenue bonds are pursuant to an indenture of trust. The Master District Contracts obligate each Participant to pay a pro rata share of the debt service on the Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds based upon the Certified Appraised Value of each Participant as a percentage of the Certified Appraised Value of all Participants, calculated annually. Each Participant is obligated to make such payments (“Water/Sewer/Drainage Contract Payments” and “Road Contract Payments,” respectively, and “Contract Payments” collectively) from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on all taxable property within its boundaries (“Water/Sewer/Drainage Contract Tax” and “Road Contract Tax,” respectively), or from any other lawful source of such Participant's income. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District's contract revenue bonds are issued.

The Water/Sewer/Drainage Contract Tax and the Road Contract Tax are referred to herein collectively as the “Contract Tax;” the Road Contract Revenue Bonds and Water/Sewer/Drainage Contract Revenue Bonds are referred to herein collectively as the “Contract Revenue Bonds;” and the Road Contract Payment and Water/Sewer/Drainage Contract Payment are referred to herein collectively as the “Contract Payment.” Pursuant to the Master District Contracts, the Master District shall not issue Contract Revenue Bonds for park or recreational facilities. The Master District may, however, require Participants to remit Park Construction Charges (as defined in the Master District Contract) to pay for Master District Park Facilities.

The Contract Tax is in addition to the direct total tax rate of the District. The District levied a \$1.18 total tax rate in 2024, including a \$0.73 Contract Tax. The District cannot represent whether any of the development planned or occurring in the Service Area will be successful or whether the appraised valuation of the land located within the Service Area will justify payment of the Contract Tax by property owners. Increases in the Contract Tax rate could have an adverse impact upon future development and/or home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied the District, including the Contract Tax.

The Contract Tax rate and debt service tax rate that may be required to service debt on any bonds issued by the District or the Master District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Harris County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of \$1.18 per \$100 of taxable assessed valuation for the District is higher than the tax rate of many utility districts in the Houston metropolitan area, although such a combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Harris County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to \$1.50 per \$100 of taxable assessed valuation. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District, which includes the Contract Tax. The current combined tax rate of the District is consistent with the rules of the TCEQ. If the total combined tax rate of the District, including the Contract Tax, should ever exceed \$1.50 per \$100 of taxable assessed valuation, the District and the Master District could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See “Possible Impact on District Tax Rates” above and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt” and “—Overlapping Taxes.”

Tax Collections Limitations and Foreclosure Remedies

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

Specific Flood Type Risks

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

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

Atlas 14

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather Events

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

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

Registered Owners’ Remedies and Bankruptcy Limitations

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

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

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

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

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

A district may not be forced into involuntary bankruptcy.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of \$73,910,000 principal amount of unlimited tax bonds for constructing road facilities and related improvements and refunding such bonds has been authorized by voters in the District, \$158,180,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds, and \$29,855,000 principal amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds. After issuance of the Bonds, \$68,320,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities, all of the unlimited tax bonds for water, sewer and drainage facilities and all of the unlimited tax bonds for constructing or acquiring parks and recreational facilities will remain authorized but unissued. The District has authorized the preparation and submittal of a bond application to the TCEQ requesting approval to sell approximately \$3,510,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities. The District expects approval from the TCEQ and issuance of such bonds in the fourth quarter of 2025. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. Such bonds may finance facilities which are not necessarily related to increased taxable values in the District. See "THE BONDS—Issuance of Additional Debt."

To date, the Developers have advanced certain funds for construction of water, sewer and drainage facilities and roads and related improvements for which it has not been reimbursed. After the reimbursements are made with Bond proceeds, the District will owe approximately \$3,260,000 to NASH FM 529 for water, wastewater and drainage facilities and for roads and related improvements constructed on the District's behalf. In addition, after reimbursements are made with Bond proceeds, the District will owe approximately \$2,160,000 to PPE for water, wastewater and drainage facilities. In addition, the District expects to sell park bonds to pay its pro rata share of Master District park facilities. The principal amount of unlimited tax bonds issued by the District for constructing and/or acquiring park and recreational facilities may not exceed one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. Each Master District Contract was amended in 2023 to allow the Participants to issue park bonds in an amount not to exceed three percent (3%) of the value of taxable property in each Participant. The District intends to issue additional bonds in order to reimburse the Developer for monies currently owed. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds to finance water, wastewater, drainage and recreational facilities (but not roads) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See "THE BONDS—Issuance of Additional Debt."

Marketability of the Bonds

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

Environmental and Air Quality Regulations

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

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

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

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

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

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

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

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

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

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on August 15, 2024. 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.

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

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

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.

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025 and will conclude on June 2, 2025. The Governor of Texas may call additional special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the District and also affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions. While the enactment of future legislation in Texas could adversely affect the financial condition or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District’s obligation to levy an unlimited annual ad valorem tax, would be adversely affected by any such legislation.

Continuing Compliance with Certain Covenants

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Underwriter (as defined herein) has entered into an agreement with the Insurer (as defined herein) for the purchase of a municipal bond insurance policy (the “Policy”). At the time of entering into the agreement, the Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND INSURANCE.”

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

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

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

THE BONDS

Description

The Bonds will be dated June 1, 2025, and accrue interest from the Date of Delivery, with interest payable each September 1 and March 1, beginning September 1, 2025 (each, an “Interest Payment Date”), and will mature on the dates and in the amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

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

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

Source of Payment

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

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

No Arbitrage

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

Funds

In the Bond Resolution, the Road Debt Service Fund is created and the proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund (the “Road Debt Service Fund”). The District shall also create a capital projects fund account for roads to deposit proceeds from the Bonds and any additional road bonds (the “Road Capital Projects Fund”).

Twenty-four (24) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Road Capital Projects Fund to be used for the purpose of reimbursing the Developers for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Road Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Road Debt Service Fund. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2039 and 2052 (the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

\$380,000 Term Bonds		\$710,000 Term Bonds	
Due September 1, 2039		Due September 1, 2052	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2038	\$ 185,000	2051	\$ 345,000
2039 (maturity)	195,000	2052 (maturity)	365,000

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

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000 on September 1, 2031, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

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

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

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

Authority for Issuance

At a bond election held within the District, voters of the District have authorized the issuance of \$73,910,000 principal amount of unlimited tax bonds for constructing roads and related improvements and for refunding such bonds. See "THE BONDS—Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8418 of the Texas Special District Local Laws Code, and the Bond Resolution.

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

Registration and Transfer

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

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

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

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

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

Lost, Stolen or Destroyed Bonds

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

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

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which 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.

Issuance of Additional Debt

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See “THE DISTRICT—General.” The District's voters have authorized the issuance of \$73,910,000 principal amount of unlimited tax bonds for constructing road facilities and related improvements and refunding such bonds, \$158,180,000 principal amount of unlimited tax bonds for constructing or acquiring water, sewer and drainage facilities and refunding such bonds, and \$29,855,000 principal amount of unlimited tax bonds for constructing or acquiring parks and recreational facilities and refunding such bonds. After issuance of the Bonds, \$68,320,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities and refunding such bonds, all of the unlimited tax bonds for water, sewer and drainage facilities and all of the unlimited tax bonds for constructing or acquiring parks and recreational facilities will remain authorized but unissued. The District has authorized the preparation and submittal of a bond application to the TCEQ requesting approval to sell approximately \$3,510,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities. The District expects TCEQ approval and issuance of such bonds in the fourth quarter of 2025. See “RISK FACTORS—Future Debt.”

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

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

Annexation by the City of Houston

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

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

Consolidation

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

Remedies in Event of Default

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by the Engineer. 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 certain agreed upon procedures are completed by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used. See "THE ROAD SYSTEM."

CONSTRUCTION COSTS

Elyson Falls Drive Street dedication Section 4.....	\$ 922,083
Prospect Oaks Parkway Street Dedication Section 1.....	446,305
Elyson Square Way and Elyson Center Drive Street Dedication.....	541,195
Elyson Exchange Way Street Dedication Section One.....	939,068
Elyson Prospect Oaks Parkway Section 2.....	109,298
Elyson Prospect Oaks Parkway Extension.....	723,697

Total Construction Costs	\$ 3,681,646
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NON-CONSTRUCTION COSTS

Underwriter's Discount (a).....	\$ 167,609
Capitalized Interest (Twenty-Four (24) Months) (a).....	556,363
Developer Interest (Estimated).....	847,532

Total Non-Construction Costs	\$ 1,571,503
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ISSUANCE COSTS AND FEES

Legal Fees.....	\$ 151,800
Financial Advisory Fees.....	110,325
Bond Issuance Expense.....	41,407
Engineering Report Fees.....	25,000
Attorney General Fee.....	5,590
Contingency (a).....	2,729

Total Issuance Costs and Fees	\$ 336,851
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TOTAL BOND ISSUE	\$ 5,590,000
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(a) Contingency represents the difference in the estimated and actual amounts of Underwriter's Discount and capitalized interest.

ELYSON

The District is one of six municipal utility districts, collectively comprising approximately 3,586 acres marketed as the master-planned community of Elyson, which is planned to encompass all such acres at full development. Recreational amenities within Elyson include a 6,500 square foot welcome center that includes a pool, a fitness center, a game room located in MUD 457 and a second 3,600 square foot recreation center within MUD 534 which includes two pools, a fitness center, and a space for special events and other activities. Park and open space within the District are or are planned to be connected by a master trail system.

THE DISTRICT

General

The District is a municipal utility district created by the TCEQ on December 21, 2006. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8418 of the Texas Special District Local Laws Code.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; to collect, transport, and treat wastewater; to control and divert storm water; to provide parks and recreational facilities and to construct certain roads inside and outside its boundaries. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, purchase, construct, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the City of Houston, the TCEQ and the voters of the District. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation of the District from the City of Houston, within whose extraterritorial jurisdiction the District lies, the District is required to observe certain requirements of the City of Houston which (1) limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, roads and recreational facilities, (2) require approval by the City of Houston of District construction plans, and (3) permit connections only to single-family lots and commercial or multi-family/commercial platted reserves which have been approved by the Planning Commission of the City of Houston. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

Description and Location

The District consists of approximately 589 acres of land. The District is located in Harris County approximately 35 miles west of the central downtown business district of the City of Houston. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of Cypress-Fairbanks Independent School District. Access to the District is provided by the Grand Parkway (Texas State Highway 99). Main thoroughfares to the community include Farm-to-Market 529, Peek Road, and Beckendorff Road with the main entrance to Elyson on Farm-to-Market 529. Other thoroughfares to the Service Area include Peek Road, Beckendorff Road, and Stockdick School Road. See "AERIAL LOCATION MAP."

Land Use

The table below represents a detailed breakdown of the current acreage and development in the District. See "Status of Development" herein.

<i><u>Single-Family Residential</u></i>	Approximate	
	<u>Acres</u>	<u>Lots</u>
Millers at Elyson (a).....	16	139
Elyson Cy-Fair, Section One.....	30	145
	<u>46</u>	<u>284</u>
<i>Commercial Tracts (b)</i>	195	-
<i>School Sites (Tax-Exempt) (c)</i>	26	-
<i>Future Development</i>	116	-
<i>Undevelopable (d)</i>	206	-
District Total.....	<u>589</u>	<u>284</u>

(a) Represents rental single-family home development consisting of 126 home lots and 13 duplex lots (26 residential units.)

(b) All such acreage is served with trunk utilities and includes approximately 64 acres of vertical improvements to date.

(c) Harmony Charter School campus.

(d) Represents rights-of-way, detention ponds, lakes, amenities, drainage and pipeline easements, parks, and recreational and open space.

Status of Development

Single-Family Residential: As of March 31, 2025, single-family residential includes 126 rental home lots and 13 rental duplex lots (26 residential units) on approximately 16 acres. As of March 15, 2025, 59 rental homes/duplex lots were completed and occupied, 35 rental homes/duplex lots were under construction and 45 rental home/duplex lots were vacant. The rental community is owned and leased by Brookfield. See “RISK FACTORS—Rental Homes.” In addition, approximately 30 acres within the District has been developed as Elyson Cy-Fair, Section One, consisting of 145 traditional single-family lots, with home construction expected to begin in July 2025. Brookfield and David Weekley are expected to be the homebuilders within such section with prices ranging from \$350,000 to \$425,000.

Commercial/Industrial: As of March 31, 2025, approximately 195 acres within the District have been served with trunk utilities for commercial/industrial use, of which approximately 64 acres have had taxable improvements constructed. Such development currently includes the Builders FirstSource distribution center (838,446 square feet) which has been constructed on approximately 37 acres of such acreage and Southeastern Freight Lines which has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage.

Tax-Exempt: Harmony Charter School owns approximately 26 acres within the District upon which a school campus has been constructed. The school site is exempt from ad valorem taxation.

In addition, approximately 206 acres are not developable (public right-of-way, detention, lakes, amenities, open spaces, easements, parks and utility sites) and approximately 116 developable acres have not been provided with trunk facilities. See “RISK FACTORS,” and “TAX DATA—Principal Taxpayers.”

Future Development

There are approximately 116 acres of land available for development but not yet served with underground water, sanitary sewer and drainage trunk utilities for future development as of March 31, 2025. There can be no assurances when or if any taxable improvements will ever be constructed. The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water), the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of \$256,105,000 should be sufficient to finance the construction of facilities to complete the District’s water, sewer, drainage, roads and recreation system for full development of the District.

THE DEVELOPERS

Role of a Developer

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

Investors in the Bonds should note that the prior real estate experience of the Developers and its affiliates should not be construed as an indication that further development within the District will occur, or that construction of additional 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. The District cautions that the development experience of the Developers or its affiliates was gained in different markets and under different circumstances than those that exist in the District, and the prior success of the Developers or its affiliates, if any, is no indication or guarantee that the Developers will be successful in the future development of land within the District. See “RISK FACTORS.”

NASH FM529 LLC

NASH FM 529, LLC (“Nash FM 529”) a Delaware limited liability company, was created for the sole purpose of acquiring and developing Elyson, including the District, and its only substantial asset consists of land in Elyson. North America Sekisui House L.L.C., a Delaware limited liability company, owns a 95% interest in NASH FM 529. American Newland Communities II, LLC., a Delaware limited liability company (“Newland”) owns a 5% interest in NASH FM 529. Newland is wholly owned by Brookfield Communities US, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development L.L.C. (“Brookfield”), which is indirectly wholly owned by Brookfield Residential Properties, Inc. Brookfield is a global developer and operator of real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics. As of March 31, 2025, NASH FM 529 has developed approximately 46 acres within the District. Such acreage consists of approximately 16 acres for single-family rental residential being marketed as Miller’s at Elyson (126 lots and 13 duplexes) and approximately 30 acres of traditional single-family residential (145 lots). As of March 31, 2025, Nash FM 529 owns approximately 147 acres of vacant developable land within the District.

Certain financial information concerning NASH FM 529 is attached hereto as “APPENDIX B—Financial Information Concerning NASH FM 529, LLC.” Neither NASH FM 529 nor an affiliated company 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 NASH FM 529 nor any affiliated company has any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and NASH FM 529 may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of NASH FM 529 is subject to change at any time. Because of the foregoing, financial information concerning NASH FM 529 will neither be updated nor provided following issuance of the Bonds, except as described herein under “CONTINUING DISCLOSURE INFORMATION.”

PPE GCW, LP

PPE GCW, LP, a Texas limited partnership (“PPE”) is the developer of approximately 149 acres of land in the District, all of which served with utilities. 37 acres of land and buildings of such acreage comprises the Builders FirstSource distribution center (838,446 square feet). Builders FirstSource leases such facilities from GCW BFS SPV, LLC and is responsible for all tax payments on such land and building. In addition, Southeastern Freight Lines has constructed a truck terminal, service center and offices on approximately 27 acres of such acreage. PPE continues to own approximately 85 acres of vacant developable land within the District.

PPE is a single purpose entity formed for the sole purpose of developing land within the District. PPE is a thinly capitalized entity whose assets consist primarily of the land it has developed and is currently developing in the District and the receivables due from the District for development costs.

Obligations of the Developers

Nash FM 529, Brookfield and PPE are collectively referred to herein as the “Developers.” Neither the Developers nor any other landowner are obligated to pay any principal of or interest on the Bonds. Neither the Developers or any other landowner have any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time. See “RISK FACTORS—Dependence on Major Taxpayers and the Developers,” THE DISTRICT—Status of Development,” “TAX DATA—Principal Taxpayers.”

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections are held in May in even numbered years only. All of the members of the Board own land within the District, subject to a note and deed of trust in favor of NASH FM 529. Directors have staggered four-year terms. The current members and officers of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David T. Patterson	President	May 2028
Katie A. Golzarri	Vice President	May 2026
Jared Bowlin	Secretary	May 2026
Monte Lowery	Asst. Vice President	May 2028
David L. Williamson	Asst. Secretary	May 2026

District Consultants

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

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

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

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

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

Auditor: The financial statements of the District as of December 31, 2024, and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's December 31, 2024, financial statements.

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

Utility System Operator: The operator of the District's internal water and wastewater system is Si Environmental, LLC. Si Environmental, LLC also serves as the operator of the Master District's water supply and wastewater treatment system. See "THE SYSTEM."

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

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

THE SYSTEM

The Master District Contract

The Master District provides certain regional water, sanitary sewer, storm sewer, parks, roads and other facilities (collectively, the “Master District Facilities”) necessary to serve the Master District’s approximately 3,586 acre service area (the “Service Area”), including the District. The Master District’s Service Area includes the following municipal utility districts: MUD 171 (as an internal Participant), MUD 457, MUD 532, MUD 533, MUD 534 and the District. Each of MUD 171, MUD 457, MUD 532, MUD 533, MUD 534 and the District has executed a Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities, as amended (individually referred to as the “Master District Contract” and collectively referred to as the “Master District Contracts”).

The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Master District’s Contract Revenue Bonds (as defined in “RISK FACTORS—Overlapping Tax Rates”) based upon each Participant’s certified appraised value as a percentage of the certified appraised value of all the Participants, calculated annually. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem Contract Tax (as defined in “RISK FACTORS—Overlapping Tax Rates”) without legal limit as to rate or amount, or from any other legally available funds. The Contract Payments (as defined in “RISK FACTORS—Overlapping Tax Rates”) for each Participant shall be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution or indenture of trust. Each Participant’s Contract Payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its Contract Payments is the sole responsibility of each Participant.

The Master District Contracts also provide for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions. The Master District owns and operates the Master District Facilities, except for roadways that are accepted by Harris County, for operation and maintenance by the Harris County. Each Participant (including the District) will own and operate its internal facilities. The internal facilities are expected to be financed with unlimited tax bonds sold by each of the Participants, including the District. It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Water/Sewer/Drainage Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Water/Sewer/Drainage Facilities needed to provide it with service, and convey such Master District Water/Sewer/Drainage Facilities to the Master District in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such Master District Water/Sewer/Drainage Facilities. Each Participant is further obligated to pay monthly charges to the Master District for water and sewer services rendered pursuant to the Master District Contracts. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant’s share of operation and maintenance expenses and reserve requirements is based upon a “unit cost” of operation and maintenance expense and reserve requirements calculated by the Master District and expressed in terms of “cost per equivalent single-family residential connection.” Each Participant’s monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by the unit cost per equivalent single-family residential connection. The monthly cost per single-family equivalent connection being charged by the Master District to Participant is currently \$60.00. Pursuant to the Master District Contracts each Participant is obligated to establish and maintain rates, fees and charges for its water and wastewater services which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay operation and maintenance charges of the Master District, to pay other costs of operating and maintaining its own utility system, and to pay its obligations pursuant to the Master District Contract, including its Contract Payments. The Master District does not expect that revenues from Participant’s wastewater collection and water distribution systems will ever be sufficient to pay a significant portion of contract payments for application to debt service on the Contract Revenue Bonds. All sums payable by each Participant to the Master District pursuant to the Master District Contracts are to be paid by such Participants without set off, counterclaim, abatement, suspension or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Master District Contracts provide that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District’s facilities by such Participant in addition to the Master District’s other remedies pursuant to the Master District Contracts. As a practical matter, the Participants have no alternative provider of the water and wastewater services rendered by the Master District under the Master District Contracts.

Master District Facilities

Water Supply: The water supply facilities of the Master District currently consist of four water wells with a total capacity of 4,200 gallons per minute (gpm), 3,300,000 gallons of ground storage tank capacity, pressure tank capacity of 150,000 gallons, booster pump capacity of 17,200 gpm, and all appurtenances. According to the Engineer, the major components of the Master District's water supply system have capacity to serve approximately 8,000 equivalent single-family connections. According to the Operator, as of March 15, 2025, the Participants have 3,308 active connections (including 3,035 active single-family connections, 21 vacant residential connections and 252 homes under construction or in a builder's name).

In order to fully provide water supply to the Service Area, the Master District Facilities will need to be expanded from time to time to meet the demand for such facilities.

Wastewater Treatment: The wastewater treatment facilities of the Master District consist of one plant with a total capacity of 2,000,000 gallons per day ("gpd"). According to the Engineer, the major components of the Master District's wastewater treatment system have capacity to serve approximately 8,000 equivalent single-family connections. According to the Operator, as of March 15, 2025, the Participants have 3,308 active connections (including 3,035 active single-family connections, 21 vacant residential connections and 252 homes under construction or in a builder's name).

Regional Water Distribution and Wastewater Collection: Regional water distribution facilities consist of waterlines ranging in size from 12-inch to 24-inch, generally located within the rights-of-way. These water distribution facilities supply water from the Master District water supply facilities to the Participant's facilities. The Wastewater Collection facilities include wastewater lines ranging in size from 10-inch to 27-inch generally located within the rights-of-way of collection roads and the previously listed major thoroughfares. These collection lines collect waste from the Participants and transport it to the Master District's wastewater treatment facilities.

Regional Road System: See "THE ROAD SYSTEM."

Master Drainage: The Master District also provides the Service Area with drainage facilities designed to handle a 100-year storm event. These facilities include drainage channels, detention ponds, water quality ponds, conveyance storm sewer, and reinforced outfalls.

Master District Park Facilities: The Master District provides or will provide an interconnected grade separated trail system connecting community parks and recreation facilities. This system extends along and utilizes the drainage corridors as linear parks connecting multiple neighborhood parks. Pursuant to the Master District Contract, the Master District shall not issue Contract Revenue Bonds for park or recreational facilities. The Master District may, however, require Participants, including the District, to remit Park Construction Charges (as defined in the Master District Contract) to pay for Master District Park Facilities. See "THE BONDS—Financing Parks and Recreation Facilities."

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Internal water distribution, wastewater collection and storm drainage facilities have been constructed by the District to serve approximately 195 acres of commercial/industrial tracts, approximately 46 acres of single-family tracts and approximately 26 acres of tax-exempt tracts. See "THE DISTRICT—Status of Development."

Flood Protection and Drainage

A portion of the District lies within the Bear Creek and South Mayde Creek watersheds within the Addicks Reservoir Watershed. The District is located within floodplains associated with Bear Creek, South Mayde Creek, and the Cypress Creek overflow zone. The majority of such areas are subject to shallow overland flows, which are collected into channels within the development. The floodplains associated with Bear Creek and South Mayde Creek are allowed to maintain their natural floodplain function.

The Master District developed a master drainage plan that received approval from the Harris County Flood Control District. The Master District has also received approval of its master drainage plan applications submitted to Harris County and Federal Emergency Management Agency. As development occurs within the Service Area, the master drainage plan removes the developed lots from the 100-year flood plain by filling the development areas, with the flood plain fill mitigated by excavation from other areas within the flood plain that will remain undeveloped. According to the Engineer, none of the currently developed lots are in the 100-year flood plain as a result of the aforementioned process. The flood plain removal is accomplished by submittal of detailed survey information provided to FEMA through a process called a Letter of Map Revisions Based on Fill ("LOMR-F") based on lot elevation. However, during times of severe flooding, area roads can become inundated, which may restrict access into, within, and out of the District. According to the Engineer, approximately 2,557 acres of the Service Area remain within the 100-year flood plain but will be filled and removed as development warrants. See "RISK FACTORS—Extreme Weather Events."

Subsidence and Conversion to Surface Water Supply

The Master District and the District are within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the West Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County and a small portion of Fort Bend County. The Master District and the District are located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District has no wells, however, the Master District's groundwater well(s) are included within the Authority's GRP.

The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP. The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the Master District for groundwater pumped by the Master District and rates for the sale of surface water purchased by the Master District from the Authority), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the Master District, to convert from groundwater to surface water. The Authority currently charges the Master District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the Master District and a rate per 1,000 gallons of surface water purchased by the Master District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

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

Regulation

Construction and operation of the District's facilities and the Master District Facilities as they now exist or as they may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District and the Master District. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Harris County Drainage District. Harris County and the City of Houston also exercise regulatory jurisdiction over the District and the Master District Facilities.

According to the Engineer, the District's improvements that have or will be financed with proceeds of the District bond issuances, have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and the approval and permitting requirements of the TCEQ, the Texas Department of Health, Harris County and the City of Houston, where applicable. Construction of the District's facilities is subject to inspection by the TCEQ, the City of Houston and Harris County. Each of the aforementioned agencies exercises continuing jurisdiction over the District's and Master District's facilities.

Water and Wastewater Operations

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

The following statement sets forth, in condensed form, the General Operating Fund for the District as shown in the District's audited financial statements for the fiscal years ended December 31, 2020 through December 31, 2024. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended December 31				
	2024	2023	2022	2021	2020
Revenues					
Property Taxes	\$ 439,542	\$ 309,379	\$ 320,451	\$ 131,929	\$ 291,106
Water Service	57,412	7,220	4,054	61	-
Sewer Service	19,946	3,761	1,205	-	-
Regional Water Fee	63,219	7,616	5,462	60	-
Penalties and Interest	3,492	5	607	-	-
Tap Connection and Inspection Fees	664,214	752,805	368,411	-	-
Investment Income	78,356	39,169	8,255	68	149
Other Income	20	3,439	430	712	136,273
Total Revenues	<u>\$ 1,326,201</u>	<u>\$ 1,123,394</u>	<u>\$ 708,875</u>	<u>\$ 132,830</u>	<u>\$ 427,528</u>
Expenditures					
Purchased Services	\$ 276,480	\$ 53,820	\$ 19,590	\$ 8,100	\$ -
Regional Water Authority Fees	66,136	8,582	6,127	69	-
Professional Fees	111,204	105,452	116,282	102,266	55,203
Contracted Services	50,798	32,730	23,910	18,437	17,325
Repairs and Maintenance	31,345	19,952	2,238	2,237	-
Other Expenditures	19,182	14,609	19,149	13,901	10,123
Tap Connections	253,703	52,636	58,191	-	-
Capital Outlay	50,450	-	-	-	-
Debt Service, Contractual Obligation (a)	178,174	299,681	118,207	118,140	229,818
Total Expenditures	<u>\$ 1,037,472</u>	<u>\$ 587,462</u>	<u>\$ 363,694</u>	<u>\$ 263,150</u>	<u>\$ 312,469</u>
Revenues Over (Under) Expenditures	<u>\$ 288,729</u>	<u>\$ 535,932</u>	<u>\$ 345,181</u>	<u>\$(130,320)</u>	<u>\$ 115,059</u>
Other Sources					
Developer Advances	\$ -	\$ -	\$ -	\$ 75,000	\$ 55,000
Fund Balance (Beginning of Year)	\$ 1,002,936	\$ 467,004	\$ 121,823	\$ 177,143	\$ 7,084
Fund Balance (End of Year)	\$ 1,291,665	\$ 1,002,936	\$ 467,004	\$ 121,823	\$ 177,143

(a) Reflects annual contract tax payments that the District pays for its pro rata share of principal and interest on the Master District contract revenue bonds. See "RISK FACTORS—Overlapping Master District Debt and Contract Tax Rates."

THE ROAD SYSTEM

The Master District, in its capacity as the provider of facilities for regional arterial, collector and thoroughfares and improvements in aid thereof ("Master District Road Facilities") necessary to serve the Service Area has constructed or will construct the Master District Road Facilities. The major arterial, collector and thoroughfare roads necessary to serve the Service Area, include but are not limited to: Farm-to-Market 529, Peek Road and Beckendorff Road. The major thoroughfares and collectors consist of stabilized curb and gutter 8-inch concrete pavement and includes bridges. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

All roadways are designed and constructed in accordance with Harris County and City of Houston standards, rules and regulations. To date, Harris County has accepted the completed Master District Road Facilities for operation and maintenance and is responsible for operation and maintenance thereof. In the event Harris County were to fail to accept the Master District Road Facilities, the Master District is expected to include the cost of maintenance of same in the Master District's operation and maintenance expenses to be shared by the Participants in accordance with the Master District Contract, and such cost could be significant. These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

In addition to the Master District Road Facilities, internal roadways have been or are being constructed by the Participants, including the District. The internal roadways constructed by the District are designed and constructed in accordance with Harris County and City of Houston standards, rules and regulations. To date, Harris County has accepted the District's completed road facilities for operation and maintenance and is responsible for operation and maintenance thereof. In the event that Harris County were to fail to accept the District's road facilities, the District is expected to include the cost of maintenance of same in the District's operation and maintenance expenses, and such cost could be significant. These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

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FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2024 Certified Taxable Assessed Valuation.....	\$73,546,779	(a)
Estimated Taxable Assessed Valuation as of December 15, 2024.....	\$146,500,697	(b)
Gross Direct Debt Outstanding (including the Bonds).....	\$ 5,590,000	(c)
Estimated Overlapping Debt	11,732,734	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$17,322,734	
Ratios of Gross Direct Debt to:		
2024 Certified Taxable Assessed Valuation	7.60%	
Estimated Taxable Assessed Valuation as of December 15, 2024.....	3.82%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2024 Certified Taxable Assessed Valuation	23.55%	
Estimated Taxable Assessed Valuation as of December 15, 2024.....	11.82%	
Debt Service Funds Available:		
Capitalized Interest from Bonds Proceeds (Twenty-Four (24) Months).....	\$556,363	(e)
Operating Funds Available as of April 14, 2025.....	\$1,411,838	
Contract Tax Funds Available as of April 14, 2025.....	\$ 327,067	(f)

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

(b) As provided by the Appraisal District. Such amount is only an estimate of the taxable assessed value on December 15, 2024, and may be revised upward or downward once certified by the Appraisal District. Increases in value occurring between January 1, 2024 and December 15, 2024 will be certified as of January 1, 2025. See "TAXING PROCEDURES."

(c) After the issuance of the Bonds.

(d) See "—Estimated Overlapping Debt," and "—Overlapping Taxes" herein.

(e) The District will capitalize twenty-four (24) months of interest from the Bonds proceeds and deposit such funds in the Road Debt Service Fund. See "THE BONDS—Funds" and "USE AND DISTRIBUTION OF BOND PROCEEDS."

(f) See "RISK FACTORS—Overlapping Master District Debt and Contract Tax Rates."

Investments of the District

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

Debt Service Requirements

The following sets forth the debt service on the Bonds. This schedule does not reflect the fact that the District will capitalize twenty-four (24) months of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	The Bonds		
	Principal	Interest	Total
2025		\$ 62,590.78	\$ 62,590.78
2026	\$ 100,000	278,181.25	378,181.25
2027	105,000	271,681.25	376,681.25
2028	115,000	264,331.25	379,331.25
2029	120,000	256,281.25	376,281.25
2030	125,000	247,881.25	372,881.25
2031	130,000	239,131.25	369,131.25
2032	135,000	230,031.25	365,031.25
2033	145,000	220,581.25	365,581.25
2034	150,000	212,062.50	362,062.50
2035	160,000	205,312.50	365,312.50
2036	165,000	198,112.50	363,112.50
2037	175,000	190,687.50	365,687.50
2038	185,000	182,812.50	367,812.50
2039	195,000	174,487.50	369,487.50
2040	200,000	165,712.50	365,712.50
2041	210,000	156,712.50	366,712.50
2042	225,000	147,262.50	372,262.50
2043	235,000	137,137.50	372,137.50
2044	245,000	126,562.50	371,562.50
2045	260,000	115,537.50	375,537.50
2046	270,000	103,512.50	373,512.50
2047	285,000	91,025.00	376,025.00
2048	300,000	77,843.75	377,843.75
2049	315,000	63,968.75	378,968.75
2050	330,000	49,400.00	379,400.00
2051	345,000	33,725.00	378,725.00
2052	365,000	17,337.50	382,337.50
Total	\$ 5,590,000	\$ 4,519,903.28	\$ 10,109,903.28

Average Annual Debt Service Requirements (2026-2052) \$372,123
Maximum Annual Debt Service Requirement (2052) \$382,338

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Harris County.....	\$ 2,424,019,039 (a)	3/31/2025	0.01%	\$ 242,402
Harris County Flood Control District.....	968,445,000	3/31/2025	0.01%	96,845
Harris County Department of Education.....	28,960,000	3/31/2025	0.01%	2,896
Harris County Hospital District.....	59,315,000	3/31/2025	0.01%	5,932
Port of Houston Authority.....	406,509,397	3/31/2025	0.01%	40,651
Cypress-Fairbanks Independent School District.....	3,484,020,000	3/31/2025	0.07%	2,438,814
Lone Star College System.....	471,270,000	3/31/2025	0.02%	94,254
The Master District.....	166,835,000	3/31/2025	5.28%	8,810,941
Total Estimated Overlapping Debt.....				\$ 11,732,734
The District (b).....				5,590,000
Total Direct and Estimated Overlapping Debt.....				\$ 17,322,734
Ratio of Direct and Overlapping Debt to 2024 Certified Taxable Appraised Valuation of \$73,546,779.....				23.55%
Ratio of Direct and Overlapping Debt to Estimated Appraised Valuation as of December 15, 2024 of \$146,500,697.....				11.82%

(a) Excludes the Harris County Toll Road Unlimited Tax Bonds in the principal amount of \$109,470,000. Historically, Harris County has provided for payment of such debt service from toll road revenues and certain other funds and, no ad valorem tax revenue has been required to pay debt service on such bonds.

(b) The Bonds.

Overlapping Taxes

Set forth below is a summary of taxes levied for the 2024 tax year by all entities overlapping the District and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority) (a).....	\$ 0.535090
Cypress-Fairbanks Independent School District.....	1.086900
Lone Star College System.....	0.107600
Harris ESD No. 9	<u>0.040000</u>
Total Overlapping Tax Rate.....	\$ 1.769590
The District (b).....	<u>1.180000</u>
Total Tax Rate.....	\$ 2.949590

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

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District expects to levy its initial debt service tax in 2025. See “Historical Tax Rate Distribution” and “Tax Roll Information” below, and “TAXING PROCEDURES.”

Contract Tax

The Master District has the statutory authority and voter authorization of each of the Participants currently participating in the Master District Contract, including the District, to issue Contract Revenue Bonds. Each of the Participants’ pro rata share of the debt service requirements on the Contract Revenue Bonds is determined by dividing each Participant’s certified appraised value by the total of all the Participants’ certified appraised valuation. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of an annual unlimited contract tax, or from any other legally available funds. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District’s Contract Revenue Bonds are issued. See “RISK FACTORS—Overlapping Master District Debt and Contract Tax” and “THE SYSTEM—The Master District Contract.”

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District’s water, sewer and drainage system and roads, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted May 9, 2015 and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 appraised valuation for utility maintenance and \$0.25 for road maintenance. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.

Historical Tax Rate Distribution

	2024	2023	2022	2021	2020
Debt Service (a)	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Tax	0.73	0.42	0.67	0.61	0.74
Maintenance and Operations	0.45	0.76	0.51	0.57	0.44
Total	\$ 1.18	\$ 1.18	\$ 1.18	\$ 1.18	\$ 1.18

(a) The District expects to levy its initial debt service tax in 2025.

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of March 31, 2025 (b)	
				Amount	Percent
2020	\$ 12,102,888	\$ 1.180	\$ 142,814	\$ 142,814	100.00%
2021	26,247,613	1.180	309,722	309,722	100.00%
2022	25,805,742	1.180	304,508	304,508	100.00%
2023	37,649,059	1.180	444,259	444,259	100.00%
2024	73,546,779	1.180	867,852	867,852	100.00%

(a) Certified by the Appraisal District less any exemptions granted. See “Tax Roll Information” below for exemptions granted by the District.

(b) Unaudited.

Additional Penalties

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

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2020 through 2024 Certified Taxable Assessed Valuation. An accurate breakdown of the Estimated Taxable Assessed Valuation as of December 15, 2024, of \$146,500,697, is not available.

Tax Year	Type of Property			Gross Assessed Valuations	Deferments and Exemptions (a)	Net Assessed Valuations
	Land	Improvements	Personal Property			
2020	\$ 11,939,799	\$ -	\$ 514,560	\$ 12,454,359	\$ (351,471)	\$ 12,102,888
2021	25,715,244	-	881,280	26,596,524	(348,911)	26,247,613
2022	25,630,134	-	653,400	26,283,534	(477,792)	25,805,742
2023	44,248,847	8,011,697	820,996	53,081,540	(15,432,481)	37,649,059
2024	56,678,736	32,401,125	1,036,151	90,116,012	(16,569,233)	73,546,779

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

Principal Taxpayers

The following table represents the ten principal taxpayers, and the taxable assessed value of such property as a percentage of the 2024 Certified Taxable Assessed Valuation of \$73,546,779. This represents ownership as of January 1, 2024. An accurate principal taxpayer list related to the Estimated Taxable Assessed Valuation as of December 15, 2024, of \$146,500,697, is not available as of the date hereof.

Taxpayer	Type	% of	
		2024 Certified Taxable Assessed Valuation	2024 Certified Taxable Assessed Valuation
GCW BFS SPV LLC (a)	Land & Improvements	\$ 24,975,208	33.96%
NASH FM 529 LLC (b)	Land	22,528,819	30.63%
Southeastern Freight Lines Inc. (c)	Land & Improvements	6,877,891	9.35%
PPE GCW LP (b)	Land	6,643,304	9.03%
Katy BFR Owner LP	Land	4,283,851	5.82%
PPE GCW II LLC	Land	3,930,855	5.34%
Cypress Residential Partners Ltd.	Land	3,000,329	4.08%
Centerpoint Energy Houston Electric	Land & Personal	1,258,960	1.71%
Aries Building Systems LLC	Personal Property	27,222	0.04%
Xerox Financial Services LLC	Personal Property	20,340	0.03%
Total		\$ 73,546,779	100.00%

(a) Represents the Builders FirstSource distribution center. See "THE DISTRICT—Status of Development."

(b) See "THE DEVELOPERS" and "RISK FACTORS."

(c) Represents truck terminal, service center and office building. See "THE DISTRICT—Status of Development."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds, if no growth in the District's tax base occurred beyond the 2024 Certified Taxable Assessed Valuation of \$73,546,779 or the Estimated Taxable Assessed Valuation as of December 15, 2024, of \$146,500,697. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety percent (90%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "RISK FACTORS—Possible Impact on District Tax Rates" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2026-2052)	\$372,123
\$0.57 Tax Rate on 2024 Certified Taxable Assessed Valuation	\$377,295
\$0.29 Tax Rate on Estimated Taxable Assessed Valuation as of December 15, 2024	\$382,367
Maximum Annual Debt Service Requirement (2052).....	\$382,338
\$0.58 Tax Rate on 2024 Certified Taxable Assessed Valuation	\$383,914
\$0.29 Tax Rate on Estimated Taxable Assessed Valuation as of December 15, 2024	\$382,367

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of December 15, 2024 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. The Estimated Taxable Assessed Valuation as of December 15, 2024 is provided by the Appraisal District for informational purposes only. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2024 and December 15, 2024, will be certified as of January 1, 2025, and provided for purposes of taxation in the summer of 2025. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District does not currently grant any such exemptions. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, between \$5,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. See "TAX DATA."

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

Tax Abatement

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

Valuation of Property for Taxation

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

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

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

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District was designated as a Developing District for 2024. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). An explanation of the ratings may be obtained from S&P. No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX C."

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG" or the "Insurer") will issue its municipal bond insurance policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX C 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 October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

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).

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, 2024.

Capitalization of AG

At March 31, 2025:

- The policyholders’ surplus of AG was approximately \$3,522 million.
- The contingency reserve of AG was approximately \$1,421 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,416 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 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 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.”

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas and are secured by the proceeds of an annual ad valorem tax levied without legal limitation as to rate or amount upon all taxable property within the District, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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

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

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

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District has designated the Bonds as “qualified tax-exempt obligations” and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2025.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense

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

Financial Advisor

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

Consultants

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

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

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

Auditor: The financial statements of the District as of December 31, 2024, and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX A” for a copy of the District's December 31, 2024, financial statements.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission ("SEC") regarding the District's continuing disclosure obligations because the District has not issued more than \$10,000,000 in aggregate amount of outstanding bonds (including the Bonds) and no person is committed by contract or other arrangement with respect to payment of the Bonds as required by the exemption. As required by the exemption, 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 the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2025. Any financial statements provided by the District shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

In addition, the District and NASH FM 529 have agreed to provide information with respect to NASH FM 529 to any person or entity to whom the NASH FM 529 voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District and NASH FM 529 will be obligated to provide information concerning NASH FM 529 and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District's bonds then outstanding. The information to be updated with respect to NASH FM 529 includes the information included in "APPENDIX B—Financial Information Concerning NASH FM 529."

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

Event Notices

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

Availability of Information from the MSRB

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

The Bonds are the District’s first issuance of bonds; therefore, the District has not previously made any continuing disclosure agreements in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This OFFICIAL STATEMENT was approved by the Board of Directors of Harris County Municipal Utility District No. 458, as of the date shown on the cover page.

/s/ David T. Patterson
President, Board of Directors
Harris County Municipal Utility District No. 458

ATTEST:

/s/ Jared Bowlin
Secretary, Board of Directors
Harris County Municipal Utility District No. 458

AERIAL LOCATION MAP
(Approximate boundaries as of March 2025)

**HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT No. 458**

GRAND PARKWAY

FM 529



PHOTOGRAPHS OF THE DISTRICT
(Taken March 2025)













APPENDIX A

**Independent Auditor's Report and Financial Statements of the District for the year
Ended December 31, 2024**



Harris County Municipal Utility District No. 458 Harris County, Texas

Independent Auditor's Report and Financial Statements

December 31, 2024



Harris County Municipal Utility District No. 458
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December 31, 2024

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 458
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and the general fund of Harris County Municipal Utility District No. 458 (the District), as of and for the year ended December 31, 2024, 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 the general fund of the District, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 Mazars, LLP

Houston, Texas
April 29, 2025

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

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

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 2,333,304	\$ 1,836,644
Capital assets	<u>3,351,602</u>	<u>2,378,843</u>
Total assets	<u><u>\$ 5,684,906</u></u>	<u><u>\$ 4,215,487</u></u>
Long-term liabilities	\$ 11,322,686	\$ 9,477,757
Other liabilities	<u>173,787</u>	<u>389,423</u>
Total liabilities	<u>11,496,473</u>	<u>9,867,180</u>
Deferred inflows of resources	<u>867,852</u>	<u>444,285</u>
Net position:		
Net investment in capital assets	(2,808,086)	(3,256,923)
Unrestricted	<u>(3,871,333)</u>	<u>(2,839,055)</u>
Total net position	<u><u>\$ (6,679,419)</u></u>	<u><u>\$ (6,095,978)</u></u>

The total net position of the District decreased by \$583,441 or about 10%. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity. 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

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 439,542	\$ 309,379
Charges for services	140,577	18,597
Other revenues	<u>746,082</u>	<u>795,418</u>
Total revenues	<u>1,326,201</u>	<u>1,123,394</u>
Expenses:		
Services	808,848	287,781
Depreciation	67,088	42,579
Conveyance of capital assets	855,532	2,752,114
Contractual obligation	<u>178,174</u>	<u>299,681</u>
Total expenses	<u>1,909,642</u>	<u>3,382,155</u>
Change in net position	(583,441)	(2,258,761)
Net position, beginning of year	<u>(6,095,978)</u>	<u>(3,837,217)</u>
Net position, end of year	<u><u>\$ (6,679,419)</u></u>	<u><u>\$ (6,095,978)</u></u>

Financial Analysis of the District's Fund

The general fund's fund balance increased by \$288,729, primarily due to property taxes, services and tap connection and inspection fees revenues and investment income exceeding service operations expenditures and debt service contractual obligations.

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, water service, regional water fee and tap connection and inspection fees revenues, investment income and purchased services and regional water authority expenditures being greater than expected. In addition, tap connections, capital outlay and debt service contractual obligations expenditures were not included in the current year budget. The fund balance as of December 31, 2024, was expected to be \$1,083,778 and the actual end-of-year fund balance was \$1,291,665.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 562,579	\$ 562,579
Water facilities	609,007	381,115
Wastewater facilities	798,694	352,478
Drainage facilities	<u>1,381,322</u>	<u>1,082,671</u>
Total capital assets	<u><u>\$ 3,351,602</u></u>	<u><u>\$ 2,378,843</u></u>

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

Sanitary service lead under Elyson Falls Drive to serve the Elyson MF-2 site	\$ 50,450
Water, sewer and drainage facilities to serve Elyson single family built to rent	<u>989,397</u>
Total additions to capital assets	<u><u>\$ 1,039,847</u></u>

The developers within the District have 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 from the proceeds of future bond issues, subject to the approval of the Commission, as applicable, and the terms of the contracts with the developers. As of December 31, 2024, a liability for developer-constructed capital assets of \$10,917,686 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 9,477,757
Increases in long-term debt	<u>1,844,929</u>
Long-term debt payable, end of year	<u><u>\$ 11,322,686</u></u>

At December 31, 2024, the District had \$158,180,000 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, \$29,855,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing park and recreational facilities and for refunding such bonds and \$73,910,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads and for refunding such bonds.

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 City complies with the procedures and requirements of Chapter 43, Texas Local Government Code, as amended, which may include voter approval. If the District is annexed, the City must assume the District's assets and obligations (including the bond indebtedness) and the District, is dissolved.

Economic Dependency

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

Since inception, a developer has advanced \$405,000 to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming fiscal year. These advances have been recorded as liabilities in the government-wide financial statements.

Harris County Municipal Utility District No. 458
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 177,696	\$ -	\$ 177,696
Short-term investments	1,444,931	-	1,444,931
Receivables:			
Property taxes	660,472	-	660,472
Service accounts	45,555	-	45,555
Operating reserve	4,650	-	4,650
Capital assets (net of accumulated depreciation):			
Land and improvements	-	562,579	562,579
Infrastructure	-	2,789,023	2,789,023
Total assets	\$ 2,333,304	\$ 3,351,602	\$ 5,684,906
Liabilities			
Accounts payable	\$ 104,821	\$ -	\$ 104,821
Customer deposits	7,900	-	7,900
Unearned tap connection fees	61,066	-	61,066
Long-term liabilities, due after one year	-	11,322,686	11,322,686
Total liabilities	173,787	11,322,686	11,496,473
Deferred Inflows of Resources			
Deferred property tax revenues	867,852	-	867,852
Fund Balance/Net Position			
Fund balance:			
Assigned to operating reserve	4,650	(4,650)	-
Unassigned fund balance	1,287,015	(1,287,015)	-
Total fund balance	1,291,665	(1,291,665)	-
Total liabilities, deferred inflows of resources and fund balance	\$ 2,333,304		
Net position:			
Net investment in capital assets		(2,808,086)	(2,808,086)
Unrestricted		(3,871,333)	(3,871,333)
Total net position		\$ (6,679,419)	\$ (6,679,419)

Harris County Municipal Utility District No. 458
Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance
Year Ended December 31, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 439,542	\$ -	\$ 439,542
Water service	57,412	-	57,412
Sewer service	19,946	-	19,946
Regional water fee	63,219	-	63,219
Penalty and interest	3,492	-	3,492
Tap connection and inspection fees	664,214	-	664,214
Investment income	78,356	-	78,356
Other income	20	-	20
Total revenues	1,326,201	-	1,326,201
Expenditures/Expenses			
Service operations:			
Purchased services	276,480	-	276,480
Regional water authority	66,136	-	66,136
Professional fees	111,204	-	111,204
Contracted services	50,798	-	50,798
Repairs and maintenance	31,345	-	31,345
Other expenditures	19,182	-	19,182
Tap connections	253,703	-	253,703
Capital outlay	50,450	(50,450)	-
Depreciation	-	67,088	67,088
Conveyance of capital assets	-	855,532	855,532
Debt service, contractual obligations	178,174	-	178,174
Total expenditures/expenses	1,037,472	872,170	1,909,642
Excess of Revenues Over Expenditures	288,729	(288,729)	
Change in Net Position		(583,441)	(583,441)
Fund Balance/Net Position			
Beginning of year	1,002,936	-	(6,095,978)
End of year	\$ 1,291,665	\$ -	\$ (6,679,419)

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

Harris County Municipal Utility District No. 458 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective December 21, 2006, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, Chapter 8418 of the Texas Special District Local Laws Code, and Article XVI, Section 59, of the Constitution of the State of Texas and is subject to the continuing supervision of 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 fund. 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 fund:

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.

Fund Balance – Governmental Fund

The fund balance for the District's governmental fund can be displayed in up to five components.

Harris County Municipal Utility District No. 458
Notes to Financial Statements
December 31, 2024

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 fund revenues, expenditures and changes in fund balance 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.

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. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2023 on the 2023 levy.

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 December 31, 2024, the tax levied in October 2024 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2025. 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.

Harris County Municipal Utility District No. 458
Notes to Financial Statements
December 31, 2024

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.

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

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

The District conveys ownership of road and paving facilities constructed to another governmental entity upon completion for maintenance.

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 Balance

Fund balance 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 balance in the governmental fund balance sheet are different because of the items on the following page.

Harris County Municipal Utility District No. 458
Notes to Financial Statements
December 31, 2024

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 3,351,602
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	<u>(11,322,686)</u>
Adjustment to fund balance to arrive at net position.	<u>\$ (7,971,084)</u>

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

Change in fund balance.	\$ 288,729
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and conveyance of capital assets exceeded capital outlay expenditures in the current period.	<u>(872,170)</u>
Change in net position of governmental activities.	<u>\$ (583,441)</u>

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 December 31, 2024, 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.

Harris County Municipal Utility District No. 458
Notes to Financial Statements
December 31, 2024

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

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

At December 31, 2024, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 1,444,931	\$ 1,444,931	\$ -	\$ -	\$ -

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2024, the District's investments in TexPool were rated "AAAm" by Standard and Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at December 31, 2024, as follows:

Carrying value:	
Deposits	\$ 177,696
Investments	1,444,931
Total	\$ 1,622,627

Investment Income

Investment income of \$78,356 for the year ended December 31, 2024, consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2024, is presented as follows.

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 562,579	\$ -	\$ 562,579

Harris County Municipal Utility District No. 458
Notes to Financial Statements
December 31, 2024

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable:			
Water production and distribution facilities	\$ 395,423	\$ 242,058	\$ 637,481
Wastewater collection and treatment facilities	387,624	466,600	854,224
Drainage facilities	1,133,028	331,189	1,464,217
Total capital assets, depreciable	1,916,075	1,039,847	2,955,922
Less accumulated depreciation:			
Water production and distribution facilities	(14,308)	(14,166)	(28,474)
Wastewater collection and treatment facilities	(35,146)	(20,384)	(55,530)
Drainage facilities	(50,357)	(32,538)	(82,895)
Total accumulated depreciation	(99,811)	(67,088)	(166,899)
Total governmental activities, net	\$ 2,378,843	\$ 972,759	\$ 3,351,602

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2024, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Balances, End of Year	Amounts Due in One Year
Developer advances	\$ 405,000	\$ -	\$ 405,000	\$ -
Due to developers	9,072,757	1,844,929	10,917,686	-
Total governmental activities long-term liabilities	\$ 9,477,757	\$ 1,844,929	\$ 11,322,686	\$ -

Bonds voted:

Water, sewer and drainage facilities and refunding	\$ 158,180,000
Park and recreational facilities and refunding	29,855,000
Road facilities and refunding	73,910,000

Due to Developers

The developers within the District have constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developers 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 \$10,917,686. These amounts have been recorded in the financial statements as long-term liabilities.

Developer Advances

Since inception, a developer has advanced \$405,000 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.

Note 5. Maintenance Taxes

At an election held May 9, 2015, 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 December 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.4500 per \$100 of assessed valuation, which resulted in a tax levy of \$330,961 on the taxable valuation of \$73,546,779 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 9, 2015, voters authorized a road facilities maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2024, the District did not levy an ad valorem road facilities maintenance tax.

Note 6. Contract Taxes

At an election held May 9, 2015, voters authorized the contract (as defined in Note 7) which requires the District to impose a contract tax on all property within the District subject to taxation. During the year ended December 31, 2024, the District levied an ad valorem contract tax at the rate of \$0.7300 per \$100 of assessed valuation, which resulted in a tax levy of \$536,891 on the taxable valuation of \$73,546,779 for the 2024 tax year. This contract tax is used to pay for the District's pro rata share of principal and interest on the Harris County Municipal Utility District No. 171 (the Master District) contract revenue bonds as described in Note 7.

Note 7. Financing and Operation of Regional Facilities

Effective June 8, 2015 and amended June 12, 2023, the District entered into a 40-year Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road and Other Facilities (the contract) with the Master District, which sets forth the general terms and conditions pursuant to which the districts share in the joint financing, operation, and use of certain water, sanitary sewer, storm drainage and detention, road and park facilities that serve the areas within the Master District's service area (the Regional Facilities). The Master District shall be the owner of the Regional Facilities constructed and acquired and will provide the services permitted by the contract to all participant districts that are in existence or will be created within the Master District's service area.

Under the terms of the contract, the Master District will charge the participants a monthly operational fee calculated by multiplying the unit cost per connection by the number of equivalent single-family residential connections reserved to each district. The Master District is to maintain an operation and maintenance reserve equivalent to three months of budgeted operation and maintenance expenses.

In addition, the Master District is authorized to issue contract revenue bonds sufficient to complete acquisition and construction of the water, sewer, drainage and road regional facilities as needed to serve all districts in the service area. Each participating district is obligated to pay its pro rata share of debt service requirements on the Master District's contract revenue bonds. With respect to regional recreational facilities, the participant districts will be required to pay the Master District for such facilities by paying park construction charges. During the current year, the District paid \$178,174 for its pro rata share (approximately 1.97%) of the 2024 principal and interest of the Master District's bonds with such sums derived from contract taxes as described in Note 6.

The debt service requirements on all of the Master District's Contract Revenue Bonds outstanding as of December 31, 2024, are as follows.

Harris County Municipal Utility District No. 458
Notes to Financial Statements
December 31, 2024

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,675,000	\$ 6,874,401	\$ 11,549,401
2026	6,455,000	6,545,884	13,000,884
2027	6,525,000	6,229,526	12,754,526
2028	6,595,000	5,913,856	12,508,856
2029	6,670,000	5,604,266	12,274,266
2030-2034	34,610,000	23,656,555	58,266,555
2035-2039	36,995,000	17,089,530	54,084,530
2040-2044	39,555,000	9,779,664	49,334,664
2045-2049	22,775,000	2,952,706	25,727,706
2050	1,980,000	79,200	2,059,200
Total	<u>\$ 166,835,000</u>	<u>\$ 84,725,588</u>	<u>\$ 251,560,588</u>

Based on the calculations provided by the Master District's financial advisor, the District's pro rata share of total 2024 assessed valuation is 5.23% and its pro rata share of the 2025 principal and interest requirements of the Master District's bonds is \$573,866.

Note 8. Risk Management

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

Note 9. 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 December 31, 2024, the Authority was billing the Master District \$3.95 per 1,000 gallons of water pumped from its wells, and the Master District is billing the District for its pro rata portion. This amount is subject to future adjustments.

Note 10. Economic Dependency

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

Required Supplementary Information

Harris County Municipal Utility District No. 458
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2024

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 280,442	\$ 439,542	\$ 159,100
Water service	6,000	57,412	51,412
Sewer service	3,500	19,946	16,446
Regional water fee	6,500	63,219	56,719
Penalty and interest	100	3,492	3,392
Tap connection and inspection fees	20,000	664,214	644,214
Investment income	15,000	78,356	63,356
Other income	1,200	20	(1,180)
Total revenues	332,742	1,326,201	993,459
Expenditures			
Service operations:			
Purchased services	40,000	276,480	(236,480)
Regional water authority	7,000	66,136	(59,136)
Professional fees	116,000	111,204	4,796
Contracted services	22,000	50,798	(28,798)
Repairs and maintenance	50,000	31,345	18,655
Other expenditures	16,900	19,182	(2,282)
Tap connections	-	253,703	(253,703)
Capital outlay	-	50,450	(50,450)
Debt service, contractual obligations	-	178,174	(178,174)
Total expenditures	251,900	1,037,472	(785,572)
Excess of Revenues Over Expenditures	80,842	288,729	207,887
Fund Balance, Beginning of Year	1,002,936	1,002,936	-
Fund Balance, End of Year	\$ 1,083,778	\$ 1,291,665	\$ 207,887

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 not amended during 2024.

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. 458
Other Schedules Included Within This Report
December 31, 2024

(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 10-18
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [] Schedule of Long-Term Debt Service Requirements by Years – Not Applicable
- [] Changes in Long-Term Bonded Debt – Not Applicable
- [X] Comparative Schedule of Revenues and Expenditures – General Fund – Five Years
- [X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 458
Schedule of Services and Rates
Year Ended December 31, 2024

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input checked="" type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> 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:	\$ 15.00	10,000	N	\$ 1.25	10,001 to	15,000
				\$ 1.50	15,001 to	30,000
				\$ 2.00	30,001 to	40,000
				\$ 2.50	40,001 to	No Limit
Wastewater:	\$ 39.12	0	Y			
Regional water fee:	\$ 4.15	1,000	N	\$ 4.15	1,001 to	No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 56.50	Wastewater	\$ 39.12

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	74	74	x1.0	74
1"	1	1	x2.5	3
1 1/2"	1	1	x5.0	5
2"	13	13	x8.0	104
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	1	1	x50.0	50
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	94	94		491
Total wastewater	78	78	x1.0	78

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

Gallons pumped into the system:	15,579
Gallons billed to customers:	15,579
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 458
Schedule of General Fund Expenditures
Year Ended December 31, 2024

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	21,200	
Legal		59,359	
Engineering		30,645	
Financial advisor		-	111,204
Purchased Services for Resale			
Bulk water and wastewater service purchases			276,480
Regional Water Authority			66,136
Contracted Services			
Bookkeeping		18,487	
General manager		-	
Appraisal district		4,382	
Tax collector		9,300	
Security		-	
Other contracted services		18,629	50,798
Utilities			-
Repairs and Maintenance			31,345
Administrative Expenditures			
Directors' fees		9,282	
Office supplies		5,120	
Insurance		3,069	
Other administrative expenditures		1,711	19,182
Capital Outlay			
Capitalized assets		50,450	
Expenditures not capitalized		-	50,450
Tap Connection Expenditures			253,703
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Debt Service, Contractual Obligations			178,174
Total expenditures		\$	<u>1,037,472</u>

Harris County Municipal Utility District No. 458
Schedule of Temporary Investments
December 31, 2024

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	4.48%	Demand	\$ 1,320,368	\$ -
TexPool	4.48%	Demand	124,563	-
			<u>\$ 1,444,931</u>	<u>\$ -</u>

Harris County Municipal Utility District No. 458
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2024

	Maintenance Taxes	Contract Taxes
Receivable, Beginning of Year	\$ 286,150	\$ 158,135
Additions and corrections to prior years' taxes	(2,056)	(2,687)
Adjusted receivable, beginning of year	284,094	155,448
2024 Original Tax Levy	330,684	536,443
Additions and corrections	277	448
Adjusted tax levy	330,961	536,891
Total to be accounted for	615,055	692,339
Tax collections: Current year	(79,086)	(128,294)
Prior years	(284,094)	(155,448)
Receivable, end of year	<u>\$ 251,875</u>	<u>\$ 408,597</u>
Receivable, by Years		
2024	<u>\$ 251,875</u>	<u>\$ 408,597</u>

Harris County Municipal Utility District No. 458
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2024

(Continued)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Property Valuations				
Land	\$ 56,678,736	\$ 44,248,847	\$ 26,221,040	\$ 25,238,497
Improvements	32,401,125	8,011,697	8,105	-
Personal property	1,036,151	823,178	653,400	881,280
Exemptions	<u>(16,569,233)</u>	<u>(15,432,481)</u>	<u>(477,792)</u>	<u>(223,562)</u>
Total property valuations	<u>\$ 73,546,779</u>	<u>\$ 37,651,241</u>	<u>\$ 26,404,753</u>	<u>\$ 25,896,215</u>
Tax Rates per \$100 Valuation				
Contract tax rates	\$ 0.7300	\$ 0.4200	\$ 0.6700	\$ 0.6100
Maintenance tax rates*	<u>0.4500</u>	<u>0.7600</u>	<u>0.5100</u>	<u>0.5700</u>
Total tax rates per \$100 valuation	<u>\$ 1.1800</u>	<u>\$ 1.1800</u>	<u>\$ 1.1800</u>	<u>\$ 1.1800</u>
Tax Levy	<u>\$ 867,852</u>	<u>\$ 444,285</u>	<u>\$ 311,576</u>	<u>\$ 305,575</u>
Percent of Taxes Collected to Taxes Levied**	<u>24%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*Maximum tax rate approved by voters: \$1.50 on May 9, 2015

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

Harris County Municipal Utility District No. 458
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 439,542	\$ 309,379	\$ 320,451	\$ 131,929	\$ 291,106
Water service	57,412	7,220	4,054	61	-
Sewer service	19,946	3,761	1,205	-	-
Regional water fee	63,219	7,616	5,462	60	-
Penalty and interest	3,492	5	607	-	-
Tap connection and inspection fees	664,214	752,805	368,411	-	-
Investment income	78,356	39,169	8,255	68	149
Other income	20	3,439	430	712	136,273
Total revenues	1,326,201	1,123,394	708,875	132,830	427,528
Expenditures					
Service operations:					
Purchased services	276,480	53,820	19,590	8,100	-
Regional water authority	66,136	8,582	6,127	69	-
Professional fees	111,204	105,452	116,282	102,266	55,203
Contracted services	50,798	32,730	23,910	18,437	17,325
Repairs and maintenance	31,345	19,952	2,238	2,237	-
Other expenditures	19,182	14,609	19,149	13,901	10,123
Tap connections	253,703	52,636	58,191	-	-
Capital outlay	50,450	-	-	-	-
Debt service, contractual obligations	178,174	299,681	118,207	118,140	229,818
Total expenditures	1,037,472	587,462	363,694	263,150	312,469
Excess (Deficiency) of Revenues Over Expenditures	288,729	535,932	345,181	(130,320)	115,059
Other Financing Sources					
Developer advances	-	-	-	75,000	55,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	288,729	535,932	345,181	(55,320)	170,059
Fund Balance, Beginning of Year	1,002,936	467,004	121,823	177,143	7,084
Fund Balance, End of Year	\$ 1,291,665	\$ 1,002,936	\$ 467,004	\$ 121,823	\$ 177,143
Total Active Retail Water Connections	94	7	2	1	0
Total Active Retail Wastewater Connections	78	2	1	1	0

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
33.1 %	27.5 %	45.2 %	99.3 %	68.1 %
4.3	0.7	0.6	0.1	-
1.5	0.3	0.2	-	-
4.8	0.7	0.8	0.0	-
0.3	0.0	0.1	-	-
50.1	67.0	51.9	-	-
5.9	3.5	1.1	0.1	0.0
0.0	0.3	0.1	0.5	31.9
100.0	100.0	100.0	100.0	100.0
20.9	4.8	2.8	6.1	-
5.0	0.7	0.8	0.0	-
8.4	9.4	16.4	77.0	12.9
3.8	2.9	3.4	13.9	4.1
2.4	1.8	0.3	1.7	-
1.4	1.3	2.7	10.5	2.4
19.1	4.7	8.2	-	-
3.8	-	-	-	-
13.4	26.7	16.7	88.9	53.7
78.2	52.3	51.3	198.1	73.1
21.8 %	47.7 %	48.7 %	(98.1) %	26.9 %

Harris County Municipal Utility District No. 458
Board Members, Key Personnel and Consultants
Year Ended December 31, 2024

Complete District mailing address:	Harris County Municipal Utility District No. 458 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	August 13, 2024
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
David T. Patterson	Elected 05/24- 05/28	\$ 2,210	\$ -	President
Katie A. Golzarri	Elected 05/22- 05/26	1,768	75	Vice President
Jared Bowlin	Elected 05/22- 05/26	1,768	94	Secretary
Monte Lowery	Elected 05/24- 05/28	1,989	469	Assistant Vice President
David Williamson	Appointed 08/24- 05/26	884	110	Assistant Secretary
Todd Hamilton	Elected 05/22- 05/24	663	111	Resigned

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

**Harris County Municipal Utility District No. 458
Board Members, Key Personnel and Consultants
Year Ended December 31, 2024**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	02/02/15	\$ 58,075	General Counsel
BGE, Inc.	11/08/18	30,645	Engineer
District Data Services, Inc.	07/26/22	18,487	Bookkeeper
Forvis Mazars, LLP	01/11/21	21,200	Auditor
Harris Central Appraisal District	Legislative Action	4,382	Appraiser
Masterson Advisors LLC	05/14/18	-	Financial Advisor
Si Environmental, LLC	05/11/20	213,886	Operator
Utility Tax Service, LLC	05/15/15	12,209	Tax Assessor/ Collector
Investment Officer			
Stephanie Viator	07/26/22	N/A	Bookkeeper

APPENDIX B

FM NASH 529 has delivered the consolidated financial statements included in this APPENDIX B (the “Financial Information”) to the District for publication in connection with the District’s offer and sale of the Bonds. Certain financial information concerning FM NASH 529 is included herein solely as additional information concerning the financial condition and capability of FM NASH 529. Such Financial Information is relevant, among other reasons, to FM NASH 529’s ability to continue developing its land within the Service Area and to pay ad valorem taxes thereon. FM NASH 529 is not responsible for, liable for, or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of the Financial Information herein should not be construed as an implication to that effect. FM NASH 529 has not made any legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of property within the District, or any other assets, at any time. Therefore, the District cautions that the attached Financial Information should not be construed or interpreted as an indication of the investment security of the Bonds. FM NASH 529 has represented to the District that the Financial Information relating to it has been prepared from its books and records, and fairly presents its financial condition. FM NASH 529 has also represented to the District that the Financial Information does not fail to disclose any material fact or omit to state any material facts necessary to make such Financial Information not misleading and that there has not been any material change in the financial condition of FM NASH 529 since the date on which the Financial Information is presented.

FINANCIAL STATEMENTS

NASH FM 529, LLC

Year Ended December 31, 2023

With Independent Accountants' Review Report

Brookfield
Properties

NASH FM 529, LLC

Financial Statements

Year Ended December 31, 2023

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Independent Accountants' Review Report

The Members
NASH FM 529, LLC

We have reviewed the accompanying financial statements of NASH FM 529, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of income, members' equity, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of NASH FM 529, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



San Diego, California
August 5, 2024

NASH FM 529, LLC

Balance Sheet

	December 31, 2023
Assets	
Real estate project	\$ 32,182,725
District receivable	149,608,330
Cash and cash equivalents	530,206
Other assets	771,807
Total assets	<u>\$ 183,093,068</u>
Liabilities and members' equity	
Revolving project loan, net	\$ 49,928,000
Accounts payable and accrued liabilities	6,312,368
Contract liabilities	5,514,984
Total liabilities	<u>61,755,352</u>
Members' equity	<u>121,337,716</u>
Total liabilities and members' equity	<u>\$ 183,093,068</u>

See accompanying notes.

NASH FM 529, LLC

Statement of Operations

	Year Ended December 31 2023
Real estate revenue	\$ 65,559,018
Cost of sales	<u>(29,316,095)</u>
Gross profit	36,242,923
 Selling, general, and administrative expenses	 <u>(3,892,375)</u>
 Operating income	 32,350,548
 Other income	 <u>16,717</u>
Net income	<u><u>\$ 32,367,265</u></u>

See accompanying notes.

NASH FM 529, LLC

Statement of Members' Equity

	NASH Harris, LLC	Newland ARO, LLC	Total Members' Equity
Balance as of December 31, 2022	\$ 143,047,910	\$ 10,122,541	\$ 153,170,451
Distributions	(60,990,000)	(3,210,000)	(64,200,000)
Net income	28,075,242	4,292,023	32,367,265
Balance as of December 31, 2023	\$ 110,133,152	\$ 11,204,564	\$ 121,337,716

See accompanying notes.

NASH FM 529, LLC

Statement of Cash Flows

	Year Ended December 31, 2023
Operating activities	
Net income	\$ 32,367,265
Adjustments to reconcile net income to net cash provided by operating activities:	
Non-cash lease expense	(55,284)
Changes in operating assets and liabilities:	
Real estate project	30,203,469
District receivable	(7,366,449)
Other assets, net	29,897
Contract liabilities	888,974
Accounts payable and accrued liabilities	(7,130,234)
Net cash provided by operating activities	48,937,638
Financing activities	
Proceeds from revolving project loan	52,800,000
Repayments to revolving project loan	(38,390,000)
Distributions to members	(64,200,000)
Net cash used in financing activities	(49,790,000)
Net decrease in cash and cash equivalents	(852,362)
Cash and cash equivalents at beginning of year	1,382,568
Cash and cash equivalents at end of period	\$ 530,206

See accompanying notes.

NASH FM 529, LLC

Notes to Financial Statements

December 31, 2023

1. Summary of Organization and Significant Accounting Policies

Organization

NASH FM 529, LLC, a Delaware limited liability company (the Company), was formed on December 17, 2012 pursuant to the Limited Liability Company Agreement (the Agreement) between NASH Harris, LLC (the Managing Member) and Newland-ARO, LLC (the Operating Member) (collectively, the Members). The purpose of the Company is to acquire, develop, and sell a certain real estate project (the Project).

On May 13, 2013, the Agreement was amended to expand the scope of the Project through the acquisition of three additional adjacent land parcels. On June 28, 2013, the Members expanded the scope of the Project with the addition of two more adjacent land parcels and executed the Amended and Restated Limited Liability Company Agreement (the Restated Agreement). The Restated Agreement was amended on September 27, 2013 to further expand the scope of the Project through the acquisition of another adjacent land parcel. On December 31, 2013, the Restated Agreement was amended a second time (the Restated Agreement and its first and second amendments, collectively, the Governing Agreement) to reflect an assignment of ownership of the Operating Member.

The Members and their respective percentage interests (Member Interests) in the Company as of December 31, 2023 are as follows:

NASH Harris, LLC	95%
Newland-ARO, LLC	5%

The Members make equity contributions necessary to conduct the Company's operations in proportion to their Member Interests. The Members' aggregate capital commitments were \$139,000,000 and the amounts were decreased to \$100,000,000 according to updated business plan. Through December 31, 2023, the Members have made aggregate cumulative contributions of \$94,607,088 and the Company has made aggregate cumulative distribution of \$141,226,000 to the Members.

The term of the Company shall continue into perpetuity, unless dissolved in accordance with the Governing Agreement. Each Member's liability is limited pursuant to the Delaware Limited Liability Company Act.

NASH FM 529, LLC

Notes to Financial Statements (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and all highly liquid short-term investments with original maturity less than 90 days. The carrying value of these investments approximates their fair value.

Use of Estimates

The preparation of the Company's financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company maintains its cash accounts with commercial banks. Total cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. The Company frequently maintains cash balances on deposit with commercial banks that exceed the \$250,000 limit per bank. Management of the Company believes it has mitigated this risk by using major financial institutions. As of December 31, 2023, the Company has not experienced any losses in such accounts and monitors the creditworthiness of the financial institutions with which it conducts business. The Company believes there is no significant credit risk with respect to its cash balances.

Real Estate Project

Real estate project includes all expenditures incurred in connection with the acquisition, development, and construction of real estate intended for sale. The Company capitalizes direct development and construction costs, including predevelopment costs, property taxes, insurance, developer overhead fees, management fees, and certain indirect project costs. Interest and financing costs incurred during development periods to ready the real estate project for its intended use are capitalized. Indirect costs related to the real estate project where development activities have been suspended beyond a brief interruption are expensed as incurred.

Real estate project is stated at cost, less impairment adjustments. At such times when events or circumstances indicate that the carrying amount of a real estate project may be impaired, management makes an assessment of its recoverability by estimating the future undiscounted cash flows. If the carrying amount exceeds management's estimate of the aggregate undiscounted future cash flows, the Company would recognize an impairment loss to the extent the carrying amount exceeds the fair value of the real estate project. Fair value is determined by discounting projected future cash flows and evaluating recent

NASH FM 529, LLC

Notes to Financial Statements (continued)

comparable sales. As the evaluation of cash flows requires significant judgment, it is reasonably possible that a change in estimate could occur as economic conditions change. For the year ended December 31, 2023, no impairment charges were recognized.

Management estimates the projected future undiscounted net cash flows of the real estate project based on its most recent development plan. The estimates assume that all necessary entitlements are in place, development is completed, and disposition occurs in the normal course of business. Future economic, financial, market, and political conditions may affect management's development and marketing plans. In addition, management's plans and the ultimate future net cash flows of the real estate project may be affected by the availability of financing for development and construction, and the availability of equity contributions from the Members.

If the balance of a real estate project would otherwise fall below zero due to the recognition of cost of sales outpacing capitalized costs, the Company will estimate and accrue the remaining costs to complete the development and construction of that real estate project. As of December 31, 2023, no costs to complete were accrued.

Districts Receivable

Under agreements with various municipal utility and development districts, certain development costs are reimbursed through the offering of contract revenue bonds issued by such districts. Districts receivable are recorded as reductions of the carrying value of the real estate project. Amounts recorded as districts receivable are based on management's estimate of costs incurred that will ultimately be approved for reimbursement by the respective districts. If amounts are not approved for reimbursement by the districts, the costs would be added back to the carrying value of the real estate project and could result in the real estate project being impaired.

Real Estate Revenue and Cost of Sales

The Company generates its real estate revenue from land and lot sales, which is recognized at a point in time. This point in time is typically upon the close of escrow, when title to such real estate transfers to the customer.

The transaction price may include both fixed and variable components. Fixed consideration is stipulated in the contract, of which the majority of such consideration is typically received by the Company upon the close of escrow. The Company may also receive additional fixed payments or variable payments, such as marketing fees or participation, at a later date, such as upon the sale of a home built on the real estate, along with the real estate, to an end consumer. The Company usually receives these additional forms of consideration within one year from transferring title of the real estate to the customer. The Company applies the practical expedient to not adjust the promised amount of consideration for the effects of a

NASH FM 529, LLC

Notes to Financial Statements (continued)

significant financing component if the timing between payment and the performance or delivery of a performance obligation is one year or less. The Company's estimates for the variable forms of consideration are impacted by a number of factors and events. As the timing and value of these factors and events are often outside the control of the Company and the customer, such estimates of variable consideration are fully constrained until the resolution of such factors and events.

The Company recognized real estate revenue from the sale of real estate, which is transferred at a point in time, of \$65,486,840 during the year ended December 31, 2023. The Company recognized construction sales revenue of \$72,178 during the year ended December 31, 2023.

Capitalized real estate project costs are charged to cost of sales at the time that certain real estate revenue is recognized based on the relative sales value method. The relative sales value method first determines the estimated future cost of sales by adding the real estate project's carrying amount and future capitalized real estate project costs. Then, to determine the cost of sales allocated to a particular sale, the estimated future cost of sales is then multiplied by the ratio of the real estate revenue recognized to estimated future real estate revenue. When calculating this ratio, the Company only utilizes fixed consideration real estate revenue types derived from the sale of real estate. Estimates of future real estate revenue and costs are re-evaluated throughout the year, with adjustments being allocated prospectively to the remaining real estate available for sale.

Contract Liabilities

Contract liabilities represent obligations to transfer consideration in contracts with customers or obligations to transfer real estate to customers for which the Company has received payment.

Income Taxes

The Company is a limited liability company. Under provisions of the Internal Revenue Code, limited liability companies are not subject to income taxes. Accordingly, income taxes on any income or losses realized are the responsibility of the Members.

ASC 740, *Income Taxes*, requires the Company to recognize, measure, present, and disclose uncertain tax positions in the financial statements. ASC 740 requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are more likely than not to be sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold are recorded as a tax benefit or expense in the current year. Management of the Company is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which include federal and certain states.

NASH FM 529, LLC

Notes to Financial Statements (continued)

As of December 31, 2023, management of the Company has reviewed all open tax years and major jurisdictions under ASC 740 and concluded there was no impact to the Company's financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future tax returns.

Recently issued accounting pronouncements

In 2016, the FASB issued ASU 2016-13, Financial Instruments -- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU provides guidance on how to estimate credit losses on financial assets and requires the immediate recognition of estimated expected credit losses over the life of the financial instrument. The guidance was effective for the Company beginning January 1, 2023 and did not have a material impact on its financial position, results of operations or cash flows.

2. Real Estate Project

As of December 31, 2023, the Project under development is a long-term project with an anticipated build-out of 6 years. The Project is a 3,640 acre community located in Katy, Texas. Katy is in the northwest area of Harris County located approximately 24 miles west of the central business district of the city of Houston.

The Project is encumbered by a revolving project loan. For the year ended December 31, 2023, interest and financing fees incurred were \$3,685,111, of which \$30,702 remained payable in accounts payable and accrued liabilities. For the year ended December 31, 2023, interest and amortized financing fees capitalized to real estate project were \$3,685,111.

The Company evaluated the real estate project and no impairment losses were recognized for the year ended December 31, 2023.

3. Other Assets, net

Other assets, net consist of the following:

	December 31, 2023
Security deposit	\$ 23,405
Right of use asset - operating lease	104,450
Prepaid expenses	612,952
Overhead advance	31,000
	<u><u>\$ 771,807</u></u>

NASH FM 529, LLC

Notes to Financial Statements (continued)

As of December 31, 2023, the Company's overhead advance is maintained with an affiliate of the Operating Member.

4. Revolving Project Loan, Net

In order to provide financing for acquisition and development activities of the Project, the Company obtained a revolving project loan from an affiliate of the Managing Member. The revolving project loan is secured by a deed of trust as a security interest in the Project. The lending capacity of the revolving project loan is limited to \$72,000,000. The revolving project loan accrues interest at the Funding Bank Cost of Funds plus an applicable margin of 1.65% per annum. As of December 31, 2023, Funding Bank Cost of Funds was 5.72%. The principal repayment amounts are determined by real estate sale amounts and are contingent upon such sales. The revolving project loan matures on December 30, 2024.

In addition to interest costs, the Company also pays the lender a facility fee, which is calculated quarterly at a rate of 0.15% per annum on the unused loan amount. The facility fee is capitalized to real estate project as incurred. Interest payments are due monthly while facility fee payments are due quarterly.

As of December 31, 2023, the Company had \$49,990,000 in outstanding borrowings on the revolving project loan and \$62,000 of deferred financing costs, net. Deferred financing costs, net are amortized over the life of the revolving project loan and presented as a direct deduction from its carrying amount.

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31, 2023
Accounts payable	\$ 3,765,270
Accrued taxes	1,587,776
Operating lease liabilities	130,615
Accrued compensation	474,822
Accrued cost reimbursements-affiliate	153,097
Other accrued liabilities	170,086
Accrued interest expense for revolving project loan	30,702
	<u><u>\$ 6,312,368</u></u>

NASH FM 529, LLC

Notes to Financial Statements (continued)

As of December 31, 2023, accounts payable consists of payables for the real estate project under development, including \$3,318,084 of retainage payable.

As of December 31, 2023, the Company's accrued cost reimbursements are due to an affiliate of the Operating Member.

6. Contract liabilities

Contract liabilities are generated from the collection of deposits from customers related to future real estate purchases.

7. Related-Party Transactions

Developer Overhead Fees

In accordance with the Governing Agreement, the Company pays developer overhead fees to an affiliate of the Operating Member in consideration for its services in the amount of 2.7% of sales proceeds. These fees are paid by the Company on a monthly basis throughout the life of the Project based on the expected sales proceeds and expected months remaining, subject to a reconciliation performed upon the liquidation of the Project. For the year ended December 31, 2023, the Company incurred and capitalized \$1,233,536 of these fees to real estate project, of which none remained payable as of December 31, 2023.

Asset Management Fees

In accordance with the Governing Agreement, the Company pays asset management fees to an affiliate of the Managing Member in consideration for its services in the amount of 0.3% of sales proceeds. These fees are paid by the Company on a monthly basis throughout the life of the Project based on the expected sales proceeds and the expected months remaining, subject to a reconciliation performed upon the liquidation of the Project. For the year ended December 31, 2023, the Company incurred and capitalized \$137,060 of these fees to real estate project, of which none remained payable as of December 31, 2023.

Cost Reimbursements

In accordance with the Governing Agreement, affiliates of the Operating Member provide services to the Company and incur costs on its behalf. In exchange, the Company reimburses these affiliates for these costs and services, which include salary and salary-related costs, planning, development, operations, maintenance, marketing, promotions, and out-of-pocket expenditures. Certain costs are allocated by these affiliates based on a predetermined allocation methodology, evidenced by an approved annual

NASH FM 529, LLC

Notes to Financial Statements (continued)

budget, in accordance with the Governing Agreement. Reimbursement costs associated with development are capitalized to real estate project and costs that do not qualify for capitalization are expensed as selling, general, and administrative expenses.

A summary of the Company's cost reimbursements is as follows:

	Year Ended December 31, 2023
Cost reimbursements – capitalized	\$ 1,583,303
Cost reimbursements – expensed	1,282,366
	<u>\$ 2,865,669</u>

As of December 31, 2023, accrued cost reimbursements due to affiliates of \$153,097 remained payable and are included in accounts payable and accrued liabilities.

8. Distributions and Allocations of Income (Loss)

Subject to the terms of the Governing Agreement, available cash is distributed to the Members as follows:

- a. First, to the Members to return capital.
- b. Second, to each Member in proportion to its respective Member Interests, until the Members have received cumulative distributions in an amount necessary to achieve a 12% internal rate of return on their capital contributions.
- c. Third, 80% to the Managing Member and 20% to the Operating Member, until the Managing Member has received cumulative distributions in an amount necessary to achieve an 18% internal rate of return on its capital contributions.
- d. Thereafter, 72% to the Managing Member and 28% to the Operating Member, provided, however, if at any time the Managing Member is commercially unable to provide or arrange a third-party lender to provide preferred financing to the Company, then any distributions shall be distributed 70% to the Managing Member and 30% to the Operating Member.

Net income and losses are allocated to the Members in a manner that would result in the adjustment of the Members' equity accounts to equal, as nearly as possible, the amount of distributions each Member would receive if the Company were dissolved, assuming its assets were sold for cash and all liabilities were settled at book value.

NASH FM 529, LLC

Notes to Financial Statements (continued)

9. Commitments and Contingencies

The Company's commitments and contingencies include certain obligations incurred in the normal course of business. In the opinion of management, these matters will not have a material effect on the Company's financial position.

As of December 31, 2023, the Company had two performance bonds outstanding in the amount of \$175,000. The beneficiary of these bonds is a municipality that may draw upon the bond in the event required improvements are not completed. As of December 31, 2023, management believes that there is no current obligation for this item and therefore, no related liability has been recorded.

In some jurisdictions in which the Company develops real estate, various bonds are issued by government entities to finance major improvements in the normal course of business. As a landowner benefited by these improvements, the Company is responsible for bond assessments on its land. If the assessments levied by the government entities are not fixed or determinable for a fixed or determinable period, the value of bonds attributable to the Company is not recorded as a liability. When properties are sold, the assessments are either repaid or the buyers assume the responsibility for repayment of the assessments.

10. Subsequent Events

The Company has evaluated events that have occurred from December 31, 2023 through August 5, 2024, the date the financial statements were available to be issued, and has determined that no additional recognition or disclosure is required in these financial statements to prevent them from being misleading.

APPENDIX C

Specimen Municipal Bond Insurance Policy



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

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)