

OFFICIAL STATEMENT DATED APRIL 15, 2026

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW, AND INTEREST ON BONDS IS NOT INCLUDABLE IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS OR CORPORATIONS EXCEPT FOR CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS. SEE "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds have been designated as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions" herein.

NEW ISSUE—BOOK-ENTRY-ONLY
CUSIP No. 413917

RATING: AG Insured "AA" (stable outlook) S&P
See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein

\$2,930,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 182
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX BONDS

SERIES 2026

Dated: May 1, 2026

Due: April 1 (as shown below)

Interest on the \$2,930,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") will accrue from May 1, 2026, and will be payable on October 1 and April 1 of each year, commencing October 1, 2026. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar."

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.



MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

<u>Principal Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Yield to Maturity(a)</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Yield to Maturity(a)</u>
\$60,000	2029	6.500%	2.800%	\$120,000	2043(b)	4.125%	4.240%
\$65,000	2030	6.500%	2.900%	\$130,000	2044(b)	4.125%	4.320%
\$65,000	2031	6.500%	3.000%	\$135,000	2045(b)	4.250%	4.380%
\$70,000	2032(b)	6.500%	3.100%	\$140,000	2046(b)	4.375%	4.440%
\$75,000	2033(b)	6.500%	3.200%	\$150,000	2047(b)	4.375%	4.490%
\$80,000	2034(b)	6.250%	3.300%	\$155,000	2048(b)	4.375%	4.520%
***	***	***	***	\$165,000	2049(b)	4.375%	4.540%
\$100,000	2039(b)	4.000%	3.900%	\$170,000	2050(b)	4.375%	4.560%
\$105,000	2040(b)	4.000%	4.000%	\$180,000	2051(b)	4.500%	4.570%
\$110,000	2041(b)	4.000%	4.080%	\$190,000	2052(b)	4.500%	4.580%
\$115,000	2042(b)	4.000%	4.160%	\$200,000	2053(b)	4.500%	4.590%

\$165,000 4.000% Term Bond Due April 1, 2036 to Yield 3.550% (a)(b)(c)

\$185,000 4.000% Term Bond Due April 1, 2038 to Yield 3.800% (a)(b)(c)

- (a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed. Accrued interest is to be added to the price.
- (b) The Bonds maturing on or after April 1, 2032, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2031, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of \$5,000 in any one maturity. See "THE BONDS – Optional Redemption."
- (c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 182 (the "District") to: (1) fund certain water plant, lift station, and drainage system rehabilitation and improvement projects; (2) fund associated engineering and testing costs; (3) fund twelve months of capitalized interest on the Bonds; and (4) pay certain administrative costs and costs related to the issuance of the Bonds. See "USE OF BOND PROCEEDS." The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS," including a high concentration of personal property taxable value in the District.**

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham L.L.P., Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about May 14, 2026.

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesperson or other individual 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 connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not registered or 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, orders, resolutions, 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 Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019, upon payment of duplication costs.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep their 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. See "OFFICIAL STATEMENT – Updating of Official Statement."

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.001794% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.576154%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

THE PRICES AND OTHER TERMS RESPECTING 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 AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET

PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the 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 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; nor have the Bonds 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.

MUNICIPAL BOND RATING

S&P Global Ratings ("S&P") is expected to assign its municipal bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE."

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

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

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

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

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

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's 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).

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, 2025.

Capitalization of AG

At December 31, 2025:

- The policyholders' surplus of AG was approximately \$3,249 million.
- The contingency reserve of AG was approximately \$1,511 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,411 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 AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the Securities and Exchange Commission (the "SEC") on February 27, 2026 that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

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 "BOND INSURANCE."

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

Description:	The \$2,930,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"), will be dated and will accrue interest from May 1, 2026. The Bonds represent the third series of unlimited tax bonds to be issued by Harris County Municipal Utility District No. 182 (the "District"). The Bonds mature on April 1 in the years as shown in the table on the cover page of this Official Statement. The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District, an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and elections held within the District. Interest on the Bonds is payable on October 1, 2026, and each April 1 and October 1 thereafter until maturity or prior redemption. See "THE BONDS."
Book-Entry-Only System:	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption Provisions:	The Bonds maturing on or after April 1, 2032, are subject to early redemption, in whole or from time to time in part, on April 1, 2031, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the years 2036 and 2038 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on April 1 in the years 2035 and 2037, respectively. See "THE BONDS – Mandatory Redemption."
Authorized but Unissued Bonds:	Voters within the District have authorized the issuance of \$68,000,000 bonds payable from taxes for construction of water, sewer, and drainage facilities at two elections held in the District, of which \$60,770,000 bonds will remain authorized but unissued following the issuance of the Bonds. The voters within the District have also authorized the issuance of a total of \$60,000,000 of refunding bonds payable from taxes, all of which bonds remain authorized but unissued. The voters of the District may in the future authorize the issuance of additional bonds. See "THE BONDS – Issuance of Additional Debt."
Source of Payment:	The Bonds are payable from a continuing direct annual ad valorem tax upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. See "TAX PROCEDURES." With respect to payment from taxes, the Bonds are further payable equally and ratably with the Outstanding Bonds (hereinafter defined) and bonds to be issued in the future by the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations of the District, and are not obligations of the State of Texas, Harris County, the City of Houston, or any other political subdivision or agency.
Municipal Bond Rating & Insurance:	S&P is expected to assign its municipal bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. See "MUNICIPAL BOND RATING," "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."
Use of Proceeds:	Proceeds from the sale of the Bonds will be used by the District to: (1) fund certain water plant, lift station, and drainage system rehabilitation and improvement projects; (2) fund associated engineering and testing costs; (3) fund twelve months of capitalized interest on the Bonds; and (4) pay certain administrative costs and costs related to the issuance of the Bonds. See "USE OF BOND PROCEEDS."
Qualified Tax-Exempt Obligations:	The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."
Payment Record:	The District has previously issued two (2) series of unlimited tax bonds and three (3) series of unlimited tax refunding bonds, of which \$590,000 principal amount was outstanding as of March 1, 2026 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal of or interest on its bonds, including the Outstanding Bonds. See "DISTRICT DEBT."
Legal Opinion:	Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel. See "LEGAL MATTERS" and "TAX MATTERS."

Paying Agent/Registrar: BOKF, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar."

Risk Factors: The Bonds are subject to certain risk factors as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds particularly the section captioned "RISK FACTORS."

THE DISTRICT

Description: The District is a governmental agency and a political subdivision of the State of Texas, created on February 26, 1980, by order of the Texas Water Rights Commission, predecessor to the TCEQ, and confirmed at an election held within the District for that purpose on August 13, 1983. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District, which is subject to the continuing supervision of the TCEQ, is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. See "THE DISTRICT – Authority."

Location: The District, as it was originally created, included approximately 91.43 acres of land. On December 18, 2013, the District annexed approximately 23.21 acres, and the District currently includes approximately 114.64 acres of land. The District lies wholly within Harris County, Texas and within the extraterritorial jurisdiction of the City of Houston (the "City"). The District is located approximately 4 miles to the east of the North Freeway (also known as Interstate 45), approximately 2 miles west of the Eastex Freeway (also known as U.S. Highway 59), and less than a mile to the south of the Sam Houston Tollway (also known as Beltway 8). The District is approximately 11 miles north of the central business district of the City, and approximately 3 miles south of Houston Intercontinental Airport. See "THE DISTRICT – Description and Location" and "– District Map."

Development of the District: The District is substantially built out and there are no active land developers in the District at this time. As of March 1, 2026, the District included approximately 93 fully developed and improved acres, no acres currently under development, no additional developable acres, and approximately 22 undevelopable acres, which includes street rights-of-way, detention ponds, drainage easements, and District plant sites. See "THE DISTRICT – Land Uses and Status of Land Development."

The District has been developed for commercial and light industrial purposes in the development project known as Interbelt North Business Center and includes certain other tracts developed and improved for commercial and light industrial purposes. As of March 1, 2026, taxable improvements within the District include approximately 51 buildings, totaling approximately 878,933 square feet of commercial, light industrial, office, and warehouse space. In addition, there are approximately 3 developed but unimproved acres available to be built upon; however, the District makes no representation that any taxable improvements will ever be constructed thereon. See "THE DISTRICT – Historical Development of the District" and "– Status of Commercial and Light Industrial Building Development."

The System: The District entered into a Treated Water Supply Contract (the "Water Supply Agreement") with the City, effective July 11, 2003, to enable the District to purchase all of its water supply requirements from the City and to obtain an adequate water supply for ultimate development within the District. By entering into the Water Supply Agreement, the District became a party to the City's groundwater reduction plan, and the District achieved compliance with the regulatory requirements of the Harris-Galveston Subsidence District applicable to Regulatory Area 3 in which the District is located. In addition, on May 12, 2004, the District entered into a Wastewater Capacity Agreement (the "Wastewater Agreement") with the City to enable the District to receive wastewater treatment from the City.

The District obtains surface water from the City pursuant to the terms of the Water Supply Agreement. The water supply plant is located in the District and includes two hydropneumatic tanks with a total capacity of 22,000 gallons, 340,000 gallons of ground storage capacity, and three booster pumps with a total capacity of 2,250 gallons per minute. The Water Supply Agreement requires the City to provide the District with its ultimate requirements for water supply as needed and required by the District. The District's current water supply capacity is capable of serving 1,100 equivalent single-family connections ("ESFCs"), which is adequate to serve the District at ultimate buildout based on current land plans.

The District receives wastewater capacity from the City pursuant to the terms of the Wastewater Agreement. The wastewater generated within the District flows by gravity through an internal network of wastewater collection lines and ties into the District's lift station. The wastewater is then pumped through a 6" force main to the City's wastewater treatment plant. Pursuant to the terms of the Wastewater Agreement, the District is provided wastewater capacity to serve 148 ESFCs, which is adequate to serve the District at ultimate buildout based on current land plans.

Land within the District naturally drains westerly and southwesterly to the Greens Bayou Mid-Reach P100-00-00 or the roadside ditches of Aldine Bender Road, thence along the roadside ditches to P100-00-00. P100-00-00 eventually turns into Buffalo Bayou G100-00-00 downstream. The drainage improvements that the District has undergone in the past south of Aldine Bender Road include development of curb and gutter streets with underground storm sewers that outfall at the southwestern corner of the District through a 60" corrugated metal pipe ("CMP") to Greens Bayou. A portion of the proceeds from the sale of the Bonds will be used by the District to fund outfall improvements at the 60" CMP around the southwestern part of the district, including backfilling around the outfall, and providing stone and concrete rip rap in order to reduce erosion along the Greens Bayou bank. See "USE OF BOND PROCEEDS."

The District is located within the Greens Bayou watershed. According to the Engineer (hereinafter defined), the current Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map for Harris County, Texas (Community Panel No. 48201C0490L, dated June 18, 2007) indicates that most of the land located within the District lies within Zone AE, which is a formally designated Special Flood Hazard Area with calculated Base Flood Elevations (BFEs) located within the 100-year flood plain. A small portion of the District, located along Greens Bayou, lies within striped Zone AE, and therefore, is within the regulatory floodway. Ground elevations within the District range from 73 feet mean sea level ("MSL") in the northeast section to 69.5 feet MSL in the southwest corner of the District. The District is aware that FEMA revises and reissues these maps from time to time, and the Harris County floodplain management regulations may change, either of which could impact the delineation of the floodplain, future development feasibility, and assessed valuation of existing improvements. See "THE SYSTEM."

Principal Taxpayers:

According to the District's 2025 certified tax rolls as provided by the Harris Central Appraisal District ("HCAD" or the "Appraisal District"), the top 10 taxpayers represent \$78,602,862 of taxable assessed valuation, or approximately 52.56% of the District's 2025 Certified Taxable Value of \$149,555,726. Additionally, approximately 46.84% of the District's 2025 Certified Taxable Value is comprised entirely of taxable personal property value. The value of taxable personal property in the District represents a higher proportion of taxable value in the District than personal property values in most other municipal utility districts. See "RISK FACTORS – Dependence on Principal Taxpayers," "– Dependence on Personal Property Taxes; Personal Property Tax Collections," and "TAX DATA – Principal Taxpayers."

SELECTED FINANCIAL INFORMATION
(Unaudited)

2025 Certified Taxable Valuation	\$149,555,726 (a)
Direct Debt	
Outstanding Bonds (as of March 1, 2026)	\$590,000
The Bonds	<u>\$2,930,000</u>
Total Direct Debt	\$3,520,000
See "DISTRICT DEBT"	
Estimated Overlapping Debt	<u>\$6,763,813 (b)</u>
Direct and Estimated Overlapping Debt	\$10,283,813
Percentage of Direct Debt to:	
2025 Certified Taxable Valuation	2.35%
See "DISTRICT DEBT"	
Percentage of Direct and Estimated Overlapping Debt to:	
2025 Certified Taxable Valuation	6.88%
See "DISTRICT DEBT"	
2025 Tax Rate Per \$100 of Assessed Value:	
Debt Service	\$0.08
Maintenance Tax	<u>\$0.37</u>
Total 2025 Tax Rate	\$0.45
Tax Rate required to pay Maximum Annual Debt Service Requirement based upon:	
2025 Certified Taxable Valuation	\$0.25
Cash and Temporary Investment Balances as of March 4, 2026:	
General Fund	\$518,771 (c)
Debt Service Fund	\$416,410 (d)

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- (a) Reflects the January 1, 2025 Certified Taxable Valuation according to data supplied by the Harris Central Appraisal District ("HCAD" or the "Appraisal District"). See "TAX DATA" and "TAX PROCEDURES."
- (b) See "DISTRICT DEBT – Estimated Overlapping Debt."
- (c) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."
- (d) Unaudited figure per the District's records. The cash and investment balance in the Debt Service Fund includes twelve (12) months of capitalized interest to be funded with proceeds of the Bonds to be deposited into such fund on the date of delivery of the Bonds. See "USE OF BOND PROCEEDS." Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Rate Calculations."

DEBT SERVICE SCHEDULE

The following sets forth the debt service requirements on the District's Outstanding Bonds and the debt service requirements on the Bonds. This schedule does not reflect that twelve months of interest will be capitalized from the proceeds of the Bonds to pay debt service. See "USE OF BOND PROCEEDS."

<u>Year</u>	<u>Outstanding Debt Service</u>	<u>Debt Service on the Bonds</u>		<u>Total Debt Service</u>
		<u>Principal</u>	<u>Interest</u>	
2026	\$216,730	-	\$55,750	\$272,480
2027	\$216,200	-	\$133,800	\$350,000
2028	\$205,400	-	\$133,800	\$339,200
2029	-	\$60,000	\$131,850	\$191,850
2030	-	\$65,000	\$127,788	\$192,788
2031	-	\$65,000	\$123,563	\$188,563
2032	-	\$70,000	\$119,175	\$189,175
2033	-	\$75,000	\$114,463	\$189,463
2034	-	\$80,000	\$109,525	\$189,525
2035	-	\$80,000	\$105,425	\$185,425
2036	-	\$85,000	\$102,125	\$187,125
2037	-	\$90,000	\$98,625	\$188,625
2038	-	\$95,000	\$94,925	\$189,925
2039	-	\$100,000	\$91,025	\$191,025
2040	-	\$105,000	\$86,925	\$191,925
2041	-	\$110,000	\$82,625	\$192,625
2042	-	\$115,000	\$78,125	\$193,125
2043	-	\$120,000	\$73,350	\$193,350
2044	-	\$130,000	\$68,194	\$198,194
2045	-	\$135,000	\$62,644	\$197,644
2046	-	\$140,000	\$56,713	\$196,713
2047	-	\$150,000	\$50,369	\$200,369
2048	-	\$155,000	\$43,697	\$198,697
2049	-	\$165,000	\$36,697	\$201,697
2050	-	\$170,000	\$29,369	\$199,369
2051	-	\$180,000	\$21,600	\$201,600
2052	-	\$190,000	\$13,275	\$203,275
2053	-	\$200,000	\$4,500	\$204,500
TOTALS	\$638,330	\$2,930,000	\$2,249,919	\$5,818,249

Maximum Annual Debt Service Requirements (2027)..... \$350,000

\$0.25 tax rate on the 2025 Certified Taxable Valuation of \$149,555,726
at 95% collections produces..... \$355,195

See "TAX DATA – Tax Rate Calculations."

OFFICIAL STATEMENT

relating to

\$2,930,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 182
(A political subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the \$2,930,000 Harris County Municipal Utility District No. 182 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of Harris County Municipal Utility District No. 182 (the "District"), an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and elections held within the District.

This Official Statement includes descriptions of the Bonds, the Use of Bond Proceeds, the Bond Order, and certain information about the District's status of development and the District's financial condition. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained by requesting such in writing to the Bond Counsel and providing for payment of reproduction costs.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any other political subdivision. The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to justify the continued payment of taxes by property owners. Further, the collection of delinquent taxes due the District and the enforcement by a bondholder of the District's obligation to collect sufficient taxes may be costly and lengthy processes.

Dependence on Principal Taxpayers

According to the District's 2025 certified tax rolls as provided by HCAD, the top 10 taxpayers represent approximately \$78,602,862 of taxable assessed valuation, or approximately 52.56% of the District's 2025 Certified Taxable Value of \$149,555,726. Additionally, the District's principal taxpayers represent approximately \$47,385,465 of taxable personal property valuation, or 31.68% of the District's 2025 Certified Taxable Value. See "– Dependence on Personal Property Taxes; Personal Property Tax Collections" herein.

The ability of the principal taxpayers 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, the principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to use other funds available for debt service purposes to the extent available. Further, if any of the principal taxpayers cease operations within the District, a substantial decrease in the District's value may result; the District has no understanding with any of the principal taxpayers regarding their future level of operations in the District. The District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds. Therefore, failure by the principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. See "TAX DATA – Principal Taxpayers."

Dependence on Personal Property Taxes; Personal Property Tax Collections

A substantial percentage of the District's 2025 certified tax roll is comprised of personal property. Unlike real property, there is no certainty that personal property will remain in the District from year to year. Personal property, including 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.

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

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20-year statute of limitations for real property and improvements. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. No representation can be made by the District regarding future tax collections. See "TAX PROCEDURES."

Based on the District's 2025 certified tax roll as provided by HCAD, the taxable personal property value in the District is approximately \$70,045,578, which represents approximately 46.84% of the District's 2025 Certified Taxable Value of \$149,555,726. The value of taxable personal property in the District represents a higher proportion of taxable value in the District than personal property values in most other municipal utility districts. As noted above, while the value of taxable real property is subject to fluctuation, taxable personal property is mobile and capable of being removed entirely from the District and its tax rolls. The District makes no representation regarding the likelihood that personal property currently listed on the District's tax rolls will remain in the District, or regarding the portion of future District tax rolls that will be represented by personal property. See "– Dependence on Principal Taxpayers" herein, "TAX DATA – Analysis of Tax Base," and "– Principal Taxpayers."

During the ten-year period from the 2015 tax year through the 2024 tax year, the District collected an average of 99.97% of its tax levy, including taxes levied against personal property, and as of February 28, 2026, the District's 2025 tax levy is approximately 93.01% collected. See "TAX DATA – Levy and Collection." The District makes no representation that such tax collection percentage will continue in the future.

During the 2025 Legislative Session the exemption for tangible personal property increased to \$125,000 of the total appraised value of the tangible property. This personal property tax exemption is effective January 1, 2026. The increased personal property tax exemption may result in reduced tax collections.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter (defined herein) 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 spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

Tax Collection Limitations

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 foreclosure may be impaired by: (a) repetitive, annual expensive collections procedures, (b) a federal bankruptcy court's stay of tax collection procedures, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See "TAX PROCEDURES."

Potential Effects of Oil Price Volatility on the Houston Area

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

Economic Factors

A substantial percentage of the taxable values of the District are derived from the current market value of industrial improvements and tracts developed for commercial and industrial purposes. The market value of such tracts is related to general economic conditions affecting the demand for commercial and industrial space. Demand for tracts of this type and the construction of commercial or industrial projects thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability, and the prosperity and demographic characteristics of the urban center toward which the marketing of such tracts is directed. Decreased levels of construction activity or reduced resale value of such tracts could restrict the growth of property values in the District or could adversely impact such values.

The continued growth and maintenance of taxable values in the District is related to the vitality of the commercial and industrial building industry in the Houston metropolitan area. The commercial and industrial building industry has historically

been a cyclical industry, affected by short-term and long-term interest rates, consumer demand, foreclosure rates, availability of mortgage and development funds, labor conditions, and general economic conditions. The Houston area economy is particularly tied to the energy industry, and continuing fluctuations in oil and natural gas prices could result in additional adverse effects on the Houston area economy. High commercial and industrial property foreclosure rates may also affect commercial and industrial mortgage lenders' willingness to accept risks and potential borrowers' ability to qualify for loans. The ability to qualify for commercial and industrial mortgage loans may negatively affect the commercial and industrial development and building industry and the growth of taxable values in the District.

Dependence on Future Taxable Value and Potential Impact on District Tax Rates

Assuming no further construction of commercial or industrial projects within the District other than those that have heretofore been constructed, the value of such land, improvements, and personal property currently located within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be \$350,000 (2027). Assuming no increase or decrease from the 2025 Certified Taxable Value of \$149,555,726 and no use of other District funds, a debt service tax rate of \$0.25 per \$100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "TAX DATA – Tax Rate Calculations."

Future Debt

After issuance of the Bonds, the District will have \$60,770,000 authorized but unissued unlimited tax bonds for the purpose of constructing water, sewer, and drainage facilities to serve the District, approved at two elections held in the District. The District reserves the right in its Bond Order to issue the remaining \$60,770,000 authorized but unissued unlimited tax bonds, which have heretofore been authorized by the voters of the District, subject to the approval of the Attorney General of the State of Texas, and subject to the approval of TCEQ. According to the Engineer, such bond authorization should be adequate to finance any additional costs associated with water, sewer, and drainage facilities to serve the District in the future. The District also has \$60,000,000 authorized but unissued unlimited tax refunding bonds. The District has reserved in the Bond Order the right to issue the remaining \$60,000,000 authorized but unissued unlimited tax refunding bonds, which have heretofore been authorized by the voters of the District.

The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

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

Annexation and Consolidation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City consent ordinance. Generally, the District may be annexed by the City 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 that may be entered into between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

The District has the legal authority to consolidate with other municipal utility districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so. See "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION."

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) 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. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the 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, a 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 Owners could potentially and adversely impair the value of the Registered Owners' 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 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 the District.

A district cannot be placed into bankruptcy involuntarily.

Approval of the Bonds

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

Changes in Tax Legislation

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

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

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

Extreme Weather Events

The District is located approximately 56 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain, and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood 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 would be adversely affected.

The greater Houston area has experienced multiple storms exceeding a 0.2% probability of occurrence (i.e., “500-year flood” events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

Specific Flood Risks

The District may be subject to the following flood risks:

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

Temporary Tax Exemption for Property Damaged by Disaster

The Tax Code (hereinafter defined) 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 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 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.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated 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. See “TAX PROCEDURES.”

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

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Bond Insurance Risk Factors

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

Default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which

could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "BOND INSURANCE" herein.

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

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

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used by the District to: (1) fund certain water plant, lift station, and drainage system rehabilitation and improvement projects; (2) fund associated engineering and testing costs; (3) fund twelve months of capitalized interest on the Bonds; and (4) pay certain administrative costs and costs related to the issuance of the Bonds.

LJA Engineering, Inc. (the "Engineer") has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds as approved by the TCEQ is as follows:

CONSTRUCTION COSTS	Total Amount
Water Plant Generator and ATS Replacement	\$260,000
Lift Station Generator and ATS Replacement	\$200,000
Lift Station Control Panel Replacement	\$121,500
Water Plant Recoating	\$519,000
Manhole Lift System	\$30,000
Outfall Repair	\$100,000
Sanitary Sewer Televising and Line Rehabilitations	\$440,000
Contingencies	\$334,100
Engineering, Geotechnical, CPS, and Materials Testing	\$400,920
TOTAL CONSTRUCTION COSTS	\$2,405,520
NON-CONSTRUCTION COSTS	
Legal Fees	\$87,900
Fiscal Agent Fees	\$58,600
Capitalized Interest	\$133,800 (a)
Bond Discount	\$87,847 (a)
Bond Issuance Expenses	\$48,500
Bond Application Report Costs	\$77,500
Attorney General Fee	\$2,930
TCEQ Bond Issuance Fee	\$7,325
Contingency	\$20,078 (a)
TOTAL NON-CONSTRUCTION COSTS	\$524,480
TOTAL BOND ISSUE REQUIREMENT	\$2,930,000

(a) Represents the difference between the estimated and actual amounts of capitalized interest and Bond Discount. Such funds may be used by the District only upon approval by the TCEQ.

THE DISTRICT

Authority

The District is a governmental agency and a political subdivision of the State of Texas, created on February 26, 1980, by order of the Texas Water Rights Commission, predecessor to the TCEQ, and confirmed at an election held within the District for that purpose on August 13, 1983. The District is organized and operates as a municipal utility district pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District, which is subject to the continuing supervisory jurisdiction of the TCEQ, is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

Description and Location

The District, as it was originally created, included approximately 91.43 acres of land. On December 18, 2013, the District annexed approximately 23.21 acres, and the District currently includes approximately 114.64 acres of land. The District lies wholly within Harris County, Texas and within the extraterritorial jurisdiction of the City. The District is located approximately 4 miles to the east of the North Freeway (also known as Interstate 45), approximately 2 miles west of the Eastex Freeway (also known as U.S. Highway 59), and less than a mile to the south of the Sam Houston Tollway (also known as Beltway 8). The District is approximately 11 miles north of the central business district of the City, and approximately 3 miles south of Houston Intercontinental Airport. See “– District Map” herein.

Land Uses and Status of Land Development

A summary of the approximate land use in the District appears in the following table and is included in order to provide an estimate of the types of land uses and development within the District and the approximate acreage as of March 1, 2026.

<u>Type of Land Use</u>	<u>Approximate Acres (a)</u>
Developed and Improved Commercial Acres (b)	90
Developed but Unimproved Commercial Acres (c)	3
Additional Developable Acres	0
Undevelopable Acres (d)	<u>22</u>
Total Approximate Acres	115

(a) Approximate amounts, rounded to the nearest acre.

(b) Represents land that has been developed and improved for commercial and light industrial purposes, including the Interbelt North Business Center and certain other commercial tracts. See “– Status of Commercial and Light Industrial Building Development” herein.

(c) Represents land that has been developed and is available to be built upon.

(d) Includes street rights-of-way, detention ponds, drainage easements, and District plant sites.

Historical Development of the District

Since the creation of the District, there have been a number of different land developers that have been active from time to time. Initial land development in the District was completed in 1985 and commercial building development in the District began in 1990. At present time, all of the developable land located in the District has been developed for commercial purposes, and there are currently no active developers. As of March 1, 2026, taxable improvements within the District include approximately 51 buildings, totaling approximately 878,933 square feet of commercial, light industrial, office, and warehouse space. In addition, there are approximately 3 developed but unimproved acres available to be built upon; however, the District makes no representation that any taxable improvements will ever be constructed thereon.

Status of Commercial and Light Industrial Building Development

The District has been developed for commercial and light industrial purposes in the development project known as Interbelt North Business Center and includes certain other tracts developed and improved for commercial and light industrial purposes. The following table indicates the approximate status of commercial and light industrial building development in the District as of March 1, 2026.

Property Owner	Size (sq. ft.)	Building Purpose
Amark Ventures LLC	43,550	Warehouse/Light Industrial
Bakery Warehouse LLC	29,650	Cold Storage Facility/Warehouse
Catch 22 Partners LLC	4,000	Warehouse
Combs Enterprises, Inc.	21,586	Warehouse
Crosby Freeway LP	18,125	Warehouse
CTS Hou LLC	7,500	Warehouse
D&KW Properties V LLC	22,904	Warehouse
Mark Hamam & Ali R. Farajo	10,080	Warehouse
Giese Real Estate Ltd.	20,000	Light Industrial
GSL Welcome Sub 33 LLC	16,548	Light Industrial
Interdrive East Investors LLC (a)	68,250	Distribution Warehouse
Interdrive Holdings LLC	36,500	Light Industrial
Interdrive West LLC	15,000	Light Industrial
JSL Properties LLC	19,335	Light Industrial
Kandle Oilfield Products II LLC	15,297	Warehouse
Klepper Interdrive LLC	12,447	Light Industrial
L Martin Family Partnership LP	20,356	Warehouse
Locker Living Trust	20,124	Warehouse
MCRI LLC	28,268	Light Industrial
MLB IP Interdrive W LLC	19,138	Warehouse
Old Dominion Freight Line, Inc. (a)	61,960	Truck Terminal/Light Industrial
PSREH Ltd.	25,000	Light Industrial
Realrona, Inc. (a)	79,645	Warehouse/Light Industrial
Riley Holdings, Ltd.	16,850	Light Industrial
Royal Ice Investments, Inc.	18,270	Warehouse
Shah Holdings LLC	25,950	Light Industrial
Simon & Schafer Realty (a)	48,810	Cold Storage Facility/Warehouse
T&D Holdings VI LLC	22,563	Warehouse
Taylors Oilfield Manufacturing, Inc. (a)	29,350	Light Industrial
VFL LLC	23,180	Warehouse
WER RE TX LLC	16,400	Light Industrial
Wilbur-Parthenia LLC	28,570	Light Industrial
Wilson Diversified Holdings LLC	10,102	Warehouse
Windfern Partners LP	23,625	Warehouse

(a) See "TAX DATA – Principal Taxpayers."

District Map



Management of the District

The District is governed by the Board of Directors, which has control over and management supervision of all affairs of the District. None of the directors reside in the District; each director owns a parcel of land subject to a note and deed of trust. Director elections are held only in even-numbered years and the directors serve staggered four-year terms. The current members and officers of the Board, along with their titles are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires May</u>
Thomas W. Cossey	President	2026
Jimmy G. Cox	Vice President	2028
Jon A. Vogler	Secretary	2026
Mark O. Duncan	Assistant Secretary	2026
Don R. Switzer	Assistant Secretary	2028

District Consultants

The District does not employ a general manager or any other full-time employees. The District has contracted for utility system operating, bookkeeping, tax assessing and collecting services, and annual auditing of its financial statements, as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Utility Tax Service, LLC, who is employed under an annual contract to perform the tax collection functions.

Bookkeeper – The District has contracted with Municipal Business Services, Inc., for bookkeeping services.

Auditor – The financial statements of the District as of December 31, 2024, and for the year then ended, included in this offering document, 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, audited financial statements.

Utility System Operator – The District has engaged Inframark, LLC, to operate and maintain the System.

Engineer – The consulting engineer for the District is LJA Engineering, Inc. (the "Engineer").

Financial Advisor – The GMS Group, L.L.C., serves as the Financial Advisor to the District, and is paid an hourly consulting fee for certain services rendered from time to time. The GMS Group has served in the capacity as Financial Advisor relative to the issuance of the Bonds and will be paid a fee from Bond proceeds contingent upon the sale and delivery of the Bonds.

Legal Counsel – The District has employed Smith, Murdaugh, Little & Bonham, L.L.P. as general counsel and as bond counsel in connection with the issuance of the Bonds. The legal fees to be paid bond counsel for service 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 on the sale and delivery of the Bonds.

Disclosure Counsel – McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. 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.

DISTRICT INVESTMENT POLICY

The District had 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 are invested in short-term obligations of the U.S. Treasury and federal agencies, 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 or intend to purchase long-term securities or derivative products.

THE SYSTEM

Regulation

The District's water, wastewater, and storm drainage facilities have been designed and are being prepared in accordance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Houston (the "City"), Harris County, Harris County Flood Control District, and the Harris-Galveston Subsidence District. According to the Engineer, the designs of all such facilities have been approved by all required governmental agencies.

Description of the System

On July 11, 2003, the District entered into a Treated Water Supply Contract (the "Water Supply Agreement") with the City to enable the District to purchase all of its water supply requirements from the City and to obtain an adequate water supply for ultimate development within the District. By entering into the Water Supply Agreement, the District became a party to the City's groundwater reduction plan, and the District achieved compliance with the regulatory requirements of the Harris-Galveston Subsidence District applicable to Regulatory Area 3 in which the District is located. In addition, on May 12, 2004, the District entered into a Wastewater Capacity Agreement (the "Wastewater Agreement") with the City to enable the District to receive wastewater treatment from the City. The water, wastewater, and drainage facilities of the District and the accompanying rights of use therein are described below, based upon information obtained from the District's records and the Engineer.

Water Supply and Distribution System

The District obtains surface water from the City pursuant to the terms of the Water Supply Agreement. The water supply plant is located in the District and includes two hydropneumatic tanks with a total capacity of 22,000 gallons, 340,000 gallons of ground storage capacity, and three booster pumps with a total capacity of 2,250 gallons per minute. The Water Supply Agreement requires the City to provide the District with its ultimate requirements for water supply as needed and required by the District. The District's current water supply capacity is capable of serving 1,100 equivalent single-family connections ("ESFCs"), which is adequate to serve the District at ultimate buildout based on current land plans.

Wastewater Treatment and Collection System

The District receives wastewater capacity from the City pursuant to the terms of the Wastewater Agreement. The wastewater generated within the District flows by gravity through an internal network of wastewater collection lines and ties into the District's lift station. The wastewater is then pumped through a 6" force main to the City's wastewater treatment plant. Pursuant to the terms of the Wastewater Agreement, the District is provided wastewater capacity to serve 148 ESFCs, which is adequate to serve the District at ultimate buildout based on current land plans.

Drainage System

Land within the District naturally drains westerly and southwesterly to the Greens Bayou Mid-Reach P100-00-00 or the roadside ditches of Aldine Bender Road, thence along the roadside ditches to P100-00-00. P100-00-00 eventually turns into Buffalo Bayou G100-00-00 downstream. The drainage improvements that the District has undergone in the past south of Aldine Bender Road include development of curb and gutter streets with underground storm sewers that outfall at the southwestern corner of the District through a 60" corrugated metal pipe ("CMP") to Greens Bayou. A portion of the proceeds from the sale of the Bonds will be used by the District to fund outfall improvements at the 60" CMP around the southwestern part of the district, including backfilling around the outfall, and providing stone and concrete rip rap in order to reduce erosion along the Greens Bayou bank. See "USE OF BOND PROCEEDS."

Flood Plain

The District is located within the Greens Bayou watershed. According to the Engineer, the current Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map for Harris County, Texas (Community Panel No. 48201C0490L, dated June 18, 2007) indicates that most of the land located within the District lies within Zone AE, which is a formally designated Special Flood Hazard Area with calculated Base Flood Elevations (BFEs) located within the 100-year flood plain. A small portion of the District, located along Greens Bayou, lies within striped Zone AE, and therefore, is within the regulatory floodway. Ground elevations within the District range from 73 feet mean sea level ("MSL") in the northeast section to 69.5 feet MSL in the southwest corner of the District. The District is aware that FEMA revises and reissues these maps from time to time, and the Harris County floodplain management regulations may change, either of which could impact the delineation of the floodplain, future development feasibility, and assessed valuation of existing improvements. See "RISK FACTORS – Extreme Weather Events" and "– Atlas 14."

General Fund Operating History

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitations as to rate or amount, upon all taxable property in the District and are not secured by a pledge of system revenues. The following is provided for informational purposes only.

	Fiscal Year Ended December 31 (a)				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES					
Property Taxes	\$404,754	\$360,412	\$364,718	\$395,132	\$355,968
Water Service	\$62,247	\$51,601	\$49,363	\$27,859	\$33,612
Sewer Service	\$104,239	\$83,520	\$77,596	\$45,753	\$53,675
Penalty and Interest	\$4,253	\$2,303	\$1,424	\$5,051	\$1,249
Tap Connection and Inspection Fees	\$3,400	\$4,080	\$1,970	\$2,075	\$1,826
Investment Income	\$19,790	\$28,922	\$8,683	\$126	\$1,642
Other Income	\$2,187	\$3,573	\$4,340	\$1,627	\$1,946
TOTAL REVENUES	<u>\$600,870</u>	<u>\$534,411</u>	<u>\$508,094</u>	<u>\$477,623</u>	<u>\$449,918</u>
EXPENDITURES					
Service Operations:					
Purchased Services	\$219,703	\$127,382	\$93,857	\$91,702	\$96,905
Professional Fees	\$190,721	\$165,510	\$139,159	\$151,649	\$134,694
Contracted Services	\$34,434	\$33,818	\$32,709	\$31,440	\$29,527
Utilities	\$11,408	\$7,820	\$5,766	\$6,648	\$6,439
Repairs and Maintenance	\$131,837	\$176,003	\$133,316	\$182,294	\$136,887
Other Expenditures	\$54,344	\$49,575	\$61,668	\$52,572	\$37,935
Capital Outlay	-	-	-	-	\$108,123
Debt Service:					
Principal Retirement	\$170,000	-	-	-	-
Interest and Fees	\$25,380	-	-	-	-
TOTAL EXPENDITURES	<u>\$837,827</u>	<u>\$560,108</u>	<u>\$466,475</u>	<u>\$516,305</u>	<u>\$550,510</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(\$236,957)</u>	<u>(\$25,697)</u>	<u>\$41,619</u>	<u>(\$38,682)</u>	<u>(\$100,592)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>\$404,049</u>	<u>\$429,746</u>	<u>\$388,127</u>	<u>\$426,809</u>	<u>\$527,401</u>
FUND BALANCE, END OF YEAR (b)	<u>\$167,092</u>	<u>\$404,049</u>	<u>\$429,746</u>	<u>\$388,127</u>	<u>\$426,809</u>

(a) Data is taken from District's audited financial statements. See "APPENDIX A."

(b) As of March 4, 2026, the District's General Fund had an unaudited cash and investment balance of approximately \$518,771. For the fiscal year ended December 31, 2025, the District's General Fund experienced unaudited revenues of approximately \$686,302 and unaudited expenditures of approximately \$739,153. For the fiscal year ending December 31, 2026, the District's General Fund is currently budgeting revenues of approximately \$802,500 and operating expenditures of approximately \$699,760.

DISTRICT DEBT
(unaudited)

2025 Certified Taxable Valuation	\$149,555,726 (a)
Direct Debt	
Outstanding Bonds (as of March 1, 2026)	\$590,000
The Bonds	<u>\$2,930,000</u>
Total Direct Debt	\$3,520,000
Estimated Overlapping Debt	<u>\$6,763,813</u> (b)
Direct and Estimated Overlapping Debt	\$10,283,813
Percentage of Direct Debt to:	
2025 Certified Taxable Valuation	2.35%
Percentage of Direct and Estimated Overlapping Debt to:	
2025 Certified Taxable Valuation	6.88%
2025 Tax Rate Per \$100 of Assessed Value:	
Debt Service	\$0.08
Maintenance Tax	<u>\$0.37</u>
Total 2025 Tax Rate	\$0.45
Tax Rate required to pay Maximum Annual Debt Service Requirement based upon:	
2025 Certified Taxable Valuation	\$0.25
Cash and Temporary Investment Balances as of March 4, 2026:	
General Fund	\$518,771 (c)
Debt Service Fund	\$416,410 (d)

- (a) Reflects the January 1, 2025 Certified Taxable Valuation according to data supplied by HCAD. See "TAX DATA" and "TAX PROCEDURES."
- (b) See "– Estimated Overlapping Debt" herein.
- (c) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."
- (d) Unaudited figure per the District's records. The cash and investment balance in the Debt Service Fund includes twelve (12) months of capitalized interest to be funded with proceeds of the Bonds to be deposited into such fund on the date of delivery of the Bonds. See "USE OF BOND PROCEEDS." Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Rate Calculations."

Estimated Overlapping Debt

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

<u>Taxing Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Overlapping Debt</u>	
		<u>Percent</u>	<u>Amount</u>
Aldine Independent School District	\$1,182,010,000	0.47%	\$5,608,587
Harris County	\$2,257,734,736	0.02%	\$490,622
Harris County Department of Education	\$28,960,000	0.02%	\$6,291
Harris County Flood Control District	\$937,165,000	0.02%	\$207,976
Harris County Hospital District	\$861,580,000	0.02%	\$191,174
Port of Houston Authority	\$386,074,397	0.02%	\$85,695
Lone Star College System	\$402,055,000	0.04%	\$173,469
Total Estimated Overlapping Debt			\$6,763,813
The District's Direct Debt (a)			\$3,520,000
Total Direct and Estimated Overlapping Debt			\$10,283,813

(a) Includes the Bonds.

TAX DATA

2025 Debt Service/Maintenance Tax

In 2025 the District levied a tax of \$0.08 per \$100 of assessed valuation for debt service purposes. In addition, the District levied a tax of \$0.37 per \$100 of assessed valuation for maintenance purposes. The proceeds of the maintenance tax are deposited into the District's General Operating Fund and are used to pay certain operating costs. See "– Tax Distribution" herein.

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements. Such maintenance tax was authorized by vote of the District's electors on August 13, 1983. The District is authorized to levy such a maintenance tax in an amount not to exceed \$0.75 per \$100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any tax bonds which may be issued in the future. See "– Tax Distribution" herein.

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the exemptions for 2021 through 2025.

<u>Tax Roll</u>	<u>Type of Property</u>			<u>Gross Valuations</u>	<u>Exemptions</u>	<u>Taxable Valuations</u> (b)
	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u> (a)			
2025	\$21,930,864	\$64,379,679	\$73,187,787	\$159,498,330	\$9,942,604	\$149,555,726
2024	\$21,854,389	\$59,891,230	\$69,498,561	\$151,244,180	\$10,900,603	\$140,343,577
2023	\$21,815,655	\$64,040,639	\$49,643,982	\$135,500,276	\$10,377,226	\$125,123,050
2022	\$21,129,770	\$53,472,067	\$38,357,196	\$112,959,033	\$10,566,953	\$102,392,080
2021	\$21,155,154	\$46,266,368	\$45,420,209	\$112,841,731	\$9,443,660	\$103,398,071

(a) See "RISK FACTORS – Dependence on Personal Property Taxes; Personal Property Tax Collections."

(b) Reflects the Gross Assessed Valuation supplied by HCAD, less exemptions.

Tax Distribution

The following table sets forth the tax rate distribution of the District for the years 2021 through 2025.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt Service	\$0.08	\$0.08	\$0.08	\$0.05	\$0.05
Maintenance/Operation	<u>\$0.37</u>	<u>\$0.32</u>	<u>\$0.32</u>	<u>\$0.35</u>	<u>\$0.35</u>
Total	\$0.45	\$0.40	\$0.40	\$0.40	\$0.40

Levy and Collection

The following represents the collection history of District taxes for the years 2021 through 2025.

<u>Tax Year</u>	<u>Taxable Valuation (a)</u>	<u>Tax Rate (b)</u>	<u>Tax Levy</u>	<u>Cumulative Collections Total (c)</u>	<u>Fiscal Year Ending September 30</u>
2025	\$149,555,726	\$0.450	\$673,001	93.01%	2026
2024	\$140,343,577	\$0.400	\$561,374	99.86%	2025
2023	\$125,123,050	\$0.400	\$500,492	99.96%	2024
2022	\$102,392,080	\$0.400	\$409,568	99.95%	2023
2021	\$103,398,071	\$0.400	\$413,592	99.95%	2022

- (a) Represents the net taxable value. See “– Analysis of Tax Base” herein.
- (b) Includes the debt service and maintenance tax levy for each year. See “– Tax Distribution” herein.
- (c) Represents cumulative tax collections as of February 28, 2026. Taxes for the 2025 tax year were due without penalty by January 31, 2026. See “TAX PROCEDURES.” According to the District’s records, during the ten-year period from the 2015 tax year through the 2024 tax year, the District collected an average of 99.97% of its tax levy.

Principal Taxpayers

The list of principal taxpayers for 2025 and the other information in this table were provided by the District’s Tax Assessor/Collector based on certified tax rolls net of any exemptions. This information does not reflect any corrections subsequent to action of the Appraisal District.

<u>Taxpayer (a)</u>	<u>Type of Property (b)</u>	<u>Property Value</u>	<u>% of Total</u>
Old Dominion Freight Line, Inc.	Land, Improvements, & Personal Property	\$16,257,183	10.87%
D-Tech Drilling Tools, Inc.	Personal Property	\$12,694,529	8.49%
H Rosen USA, Inc.	Land, Improvements, & Personal Property	\$10,902,184	7.29%
Realrona, Inc.	Land, Improvements, & Personal Property	\$8,877,042	5.94%
Taylor Oilfield Manufacturing, Inc.	Land, Improvements, & Personal Property	\$6,768,403	4.53%
Interdrive East Investors LLC	Land and Improvements	\$5,690,668	3.81%
Scan Systems Corp	Land, Improvements, & Personal Property	\$4,928,703	3.30%
Simon & Schafer Realty	Land and Improvements	\$4,420,995	2.96%
Quality Bakery Products, Inc.	Personal Property	\$4,171,319	2.79%
3S-Superior Sealing Services, LLC	Personal Property	<u>\$3,891,836</u>	<u>2.60%</u>
TOTALS		\$78,602,862	52.56%

- (a) Reflects information obtained from HCAD records. The District makes no representation as to the accuracy of such information. See “RISK FACTORS – Dependence on Principal Taxpayers.”
- (b) See “RISK FACTORS – Dependence on Personal Property Taxes; Personal Property Tax Collections.”

Tax Rate Calculations

The calculations shown below are solely for purposes of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District’s General Operating Fund or Capital Projects Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the 2025 Certified Taxable Value. The calculations utilize a tax rate adequate to service the District’s total debt service requirements after issuance of the Bonds. Surplus balances in the Debt Service Fund are not reflected in these computations.

Maximum Annual Debt Service Requirement (2027).....	\$350,000
Requires a \$0.25 debt service tax rate on the 2025 Certified Taxable Value of \$149,555,726 at 95% collections	\$355,195

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, a tax lien attaches to property to secure the payment of all taxes, penalty and interest for the year, on January 1, of that year. The tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. See "TAX PROCEDURES." In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Overlapping Debt"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all 2025 taxes levied by such taxing jurisdictions, assuming each assesses at 100% basis of assessment. 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.

<u>Taxing Jurisdictions</u>	<u>2025 Tax Rate Per \$100</u>
Aldine Independent School District	\$1.034000
Harris County (a)	\$0.628928
Lone Star College System District	\$0.106000
Harris County Emergency Services District No. 1	\$0.085145
Harris County Emergency Services District No. 10	<u>\$0.100000</u>
Overlapping Taxes	\$1.954073
The District	<u>\$0.450000</u>
Total Direct and Overlapping Tax Rate	\$2.404073

(a) Includes the 2025 taxes levied by Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, and Harris County Department of Education.

TAX 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 and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes that the District has previously or may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Order to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS – Sources of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by the voters. See "TAX DATA – Maintenance Tax."

Tax Code and County-Wide Appraisal District

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

The 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 has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax rolls and tax rate. The District is responsible under current Texas law for the levy and collection of its taxes.

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 or older and of certain disabled persons to the extent deemed advisable by the Board. Additionally, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability

rating of the veteran. 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.

Partially disabled veterans 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. 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.

Residential Homestead Exemption: The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than \$5,000) 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 District is comprised entirely of commercial and light industrial development, and thus, there are no homeowners located within the District.

Freeport Goods 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 that are destined to be forwarded outside of Texas and that 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 that are covered by the Freeport Exemption, if, for 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 the tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to 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 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, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine certain terms for its tax abatement agreements without regard to such 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. Generally, assessments under the Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Tax Code permits land designated for agricultural or timber land use to be appraised at its value based on the land's capacity to produce agricultural products or, with respect to timber land, the value based upon accepted income capitalization methods. The 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural, timber land or residential real property

appraisal must apply for such appraisal, and the Appraisal District is required to act on each claimant's application individually. If a claimant receives the agricultural or timber land appraisal on land and later changes the land use or sells the land to an unqualified owner, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the three years preceding the year in which the change of use occurs that the land was appraised as agricultural or timber land and the tax that would have been imposed had the land been taxed on the basis on market value in each of those years. Provisions of the Tax Code are complex and are not fully summarized here.

The 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 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 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 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 Tax Code. The 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 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 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.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at

least 95% of the projected build-out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed can be classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units. Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose 1.08 times the amount of the 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 the maintenance and operations tax rate that would impose 1.035 times the amount of the operation and maintenance tax rate subject to certain homestead exemptions plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts. Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax 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 the maintenance and operations tax rate that would impose 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 is made by the Board of Directors on an annual basis. The Board of Directors designated the District as a Developed District for purposes of setting the 2025 tax rate. 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 “TAX DATA – Estimated 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 under “– Levy and Collection of Taxes” herein. 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.”

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston

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

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

Strategic Partnership Agreement

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were to be annexed for full or limited purposes by the City. The terms of any such agreement would be determined by the City and the District and could provide for the conversion of a limited purpose annexation to a general-purpose annexation or the payment of a fee by the District based on the costs of providing municipal services to the District. The agreement could also provide for the collection of the City's sales and use taxes within the District. Although the City has negotiated and entered into such an agreement with many other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District although no representation can be made regarding the future likelihood of an agreement or the terms thereof.

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.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated and will accrue interest from May 1, 2026, with interest payable on October 1, 2026, and each April 1 and October 1 thereafter until maturity or prior redemption. The Bonds will mature on April 1 in the years and in the amounts set forth on the cover page of this Official Statement. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

In the event the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Use of Certain Terms in Other Sections of this Official Statement

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

Registration, Transfer, and Exchange

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 Bond Order. While the Bonds are in the Book-Entry-Only system, Bonds will be registered only in the name of Cede & Co and held by DTC. See "Book-Entry-Only System."

In the event the Book-Entry-Only System should be discontinued, Bonds 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 Order 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 the 15th calendar day of the month next preceding an Interest Payment Date and ending on 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. The provisions of this paragraph are subject to the Book-Entry-Only System.

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas. In the Bond Order the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Sources of and Security for Payment

The Bonds are secured by, and payable from, the levy of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees, and Appraisal District fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. The net proceeds from taxes levied for debt service purposes will be deposited in the District's Debt Service Fund and will be used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which the District may hereafter issue.

Funds

The Bond Order confirms the previous establishment of the District's Debt Service Fund. The Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds, the Outstanding Bonds, and any of the District's duly authorized additional bonds. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar and to pay the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

Accrued interest on the Bonds and twelve (12) months of capitalized interest shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of paying certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Order in accordance with TCEQ rules or ultimately transferred to the Debt Service Fund. See "USE OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

Replacement of Mutilated, Lost, or Stolen Bonds

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

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Optional Redemption

The Bonds maturing on and after April 1, 2032, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2031, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Mandatory Redemption

The Bonds maturing on April 1 in the years 2036 and 2038 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown in the tables below.

\$165,000 Term Bonds, due April 1, 2036

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2035	\$80,000
April 1, 2036 (maturity)	\$85,000

\$185,000 Term Bonds, due April 1, 2038

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
April 1, 2037	\$90,000
April 1, 2038 (maturity)	\$95,000

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

Notice of Redemption; Partial Redemption

While the Bonds are in book-entry-only form, pursuant to the Bond Order, the Term Bonds are scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of each exercise of the right of redemption will be given at least 30 calendar days prior to the date fixed for redemption by the mailing of a notice by the Paying Agent/Registrar to each of the registered owners of the Bonds to be redeemed at the address shown on the records of the Paying Agent/Registrar on the date which is 45 calendar days prior to the redemption date. When Bonds have been called for redemption, the right of the registered owners of such Bonds to collect interest which would otherwise accrue after the date for redemption will be terminated.

Authority for Issuance

The Bonds are issued by the District pursuant to the terms, conditions, and provisions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, an approving order of the TCEQ, and elections held within the District.

Issuance of Additional Debt

If authorized by the District's voters and with the approval of the TCEQ, the District may issue bonds necessary to provide and maintain improvements for which the District was created. See "THE DISTRICT." The District's voters have authorized the issuance of \$68,000,000 unlimited tax bonds, of which \$60,770,000 will remain authorized but unissued after the issuance of the Bonds, for the purpose of providing waterworks, sanitary sewer, and drainage facilities to land within the District. See "RISK FACTORS – Future Debt." The voters within the District have also authorized the issuance of a total of \$60,000,000 of refunding bonds payable from taxes, all of which bonds remain authorized but unissued. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District, and in the Bond Order the District reserves the right to issue additional unlimited tax bonds, unlimited tax and revenue bonds, revenue bonds, and inferior lien bonds.

Defeasance

The District's pledge of taxes and all other covenants in the Bond Order, except the covenant to pay principal of and interest on the Bonds to maturity or redemption, will terminate when payment of such principal and interest has been provided for by depositing with the Paying Agent/Registrar money or direct obligations of the United States of America maturing on such dates and in such amounts as will be sufficient, without further investment, to make such payment of principal of and interest on the Bonds.

Amendments

The District has reserved the right to amend the Bond Order without the consent of the Registered Owners as may be required (a) by the provisions of the Bond Order, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Order, or (c) in connection with any other change not to the prejudice of the Registered Owners, but the District may not otherwise amend the terms of the Bonds or of the Bond Order without the consent of the Registered Owners.

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 authorities, 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 authorities, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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 concerning other laws, rules, regulations, or investment criteria 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.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, maturity value and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee’s name. The information in this section concerning DTC and the “Book-Entry-Only System” has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriter cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants (hereinafter defined), (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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, each in the aggregate principal amount or maturity value, as the case may be, of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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. 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", together with the Direct Participants, the "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 ("Beneficial Owner") of the Bonds 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 securities representing their ownership interests in Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

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

The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

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

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

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

The District may decide to discontinue use of the system of Book-Entry-Only System transfers through DTC (or a successor securities depository). In that event, securities will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable; the District, the District's Financial Advisor, and the Underwriter do not take any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Opinion

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel ("Bond Counsel"), the effect that based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limit as to rate or amount, upon all taxable property located within the District. The District will also furnish the approving legal opinion of Bond Counsel to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, as is described under "TAX MATTERS" below.

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captions "THE DISTRICT – Authority," "TAX PROCEDURES," "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION," "THE BONDS," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the District for the purposes 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 of the information contained herein. The legal fees to be paid 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 on the sale and delivery of the Bonds. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds. Certain other matters will be passed upon on behalf of the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, acting as Disclosure Counsel.

No-Litigation Certificate

The District will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or, to the knowledge of the signatories, threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

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

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings, and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference

item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds may be excludable in certain corporations "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

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

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

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

Federal Income Tax Accounting Treatment of Premium Bonds

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in the "adjusted financial statement income" of certain corporations as determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

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

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

State, Local, and Foreign Taxes

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

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations."

CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12

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 (the "SEC") regarding the District's continuing disclosure obligations because the District does not have more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the Bond Order (as defined herein), 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 material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The information will be available to the public without charge through MSRB's Electronic Municipal Market Access ("EMMA") internet portal at www.emma.msrb.org.

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025. The District will provide the updated information to the MSRB or any successor to its functions as a repository through its EMMA system.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year is December 31. Accordingly, it must provide updated information by June 30 in each year, unless it changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB via EMMA 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; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties. In regards to (15) and (16) above, "financial obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "obligated person" when used in this paragraph shall have the meaning ascribed to it under the Rule. Neither the Bonds nor the Bond Order make any provision for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. 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

The District has agreed to provide the foregoing information only to the MSRB in electronic format and accompanied by identifying information as prescribed by the MSRB. The MSRB makes the information available to the public without charge through its 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 holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid but, in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with its prior continuing disclosure agreements made in accordance with the Rule.

OFFICIAL STATEMENT

Sources of Information

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

The Official Statement was compiled and edited under the supervision of The GMS Group, L.L.C., (the "Financial Advisor"); such firm was employed in 1999 as Financial Advisor to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore, such fees are contingent on the sale and delivery of the Bonds.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as 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.

Engineer – information contained in this Official Statement relating to engineering matters generally, to the description of the System, and, in particular, that information included in the sections entitled "RISK FACTORS – Future Debt," "USE OF BOND PROCEEDS," "THE DISTRICT – Description and Location," "– Land Uses and Status of Land Development," and "THE SYSTEM" has been provided by LJA Engineering, Inc. and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Collector – The information contained in this Official Statement relating to the assessed valuation of property and, in particular, such information contained in the section captioned "TAX DATA" has been provided by the Appraisal District and by Utility Tax Service, LLC, Tax Assessor/Collector, in reliance upon their authority as experts in the field of tax appraisal, and tax assessing and collecting, respectively.

Auditor – The financial statements of the District as of December 31, 2024, and for the year then ended, included in this offering document, 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, audited financial statements.

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Underwriter and ending on the ninety-first (91st) day after the "end of the underwriting period" (as defined in SEC Rule 15c(2)-12(f)(2)), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the Official Statement is delivered to a prospective purchaser, not misleading, the District will promptly notify the Underwriter of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements thereto, so that the statements in the Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading.

Certification as to Official Statement

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

MISCELLANEOUS

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

The Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 182 as of the date shown on the cover page.

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. 182 Harris County, Texas

Independent Auditor's Report and Financial Statements

December 31, 2024



Harris County Municipal Utility District No. 182
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December 31, 2024

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 182
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 182 (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 each major 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
June 9, 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	\$ 1,097,352	\$ 1,176,351
Capital assets	1,397,018	1,486,723
Total assets	<u>\$ 2,494,370</u>	<u>\$ 2,663,074</u>
Long-term liabilities	\$ 770,000	\$ 940,000
Other liabilities	76,723	62,536
Total liabilities	<u>846,723</u>	<u>1,002,536</u>
Deferred inflows of resources	<u>573,779</u>	<u>511,741</u>

Summary of Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Net position:		
Net investment in capital assets	\$ 627,018	\$ 546,723
Restricted	278,804	195,718
Unrestricted	<u>168,046</u>	<u>406,356</u>
Total net position	<u>\$ 1,073,868</u>	<u>\$ 1,148,797</u>

The total net position of the District decreased by \$74,929, or about 7%. The majority of the decrease in net position is related to depreciation expense on the District's capital assets. 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	\$ 503,919	\$ 410,473
Charges for services	166,486	135,121
Other revenues	<u>48,567</u>	<u>56,792</u>
Total revenues	<u>718,972</u>	<u>602,386</u>
Expenses:		
Services	659,821	575,854
Depreciation	89,705	89,706
Debt service	<u>44,375</u>	<u>51,760</u>
Total expenses	<u>793,901</u>	<u>717,320</u>
Change in net position	(74,929)	(114,934)
Net position, beginning of year	<u>1,148,797</u>	<u>1,263,731</u>
Net position, end of year	<u>\$ 1,073,868</u>	<u>\$ 1,148,797</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2024, were \$456,123, a decrease of \$156,005 from the prior year.

The general fund's fund balance decreased by \$236,957, due to service operation expenditures and a debt service requirement payment made by the general fund exceeding property taxes and services revenues and investment income.

The debt service fund's fund balance increased by \$80,952 due to property tax revenues and investment income being greater than debt service interest requirements and contracted services expenditures.

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 and sewer service revenues and purchased services and professional fees expenditures being greater than anticipated, and repairs and maintenance expenditures being less than anticipated. In addition, debt service principal retirement and interest and fees expenditures were not included in the budget. The fund balance as of December 31, 2024, was expected to be \$421,294 and the actual end-of-year fund balance was \$167,092.

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 as follows:

Capital Assets (Net of Accumulated Depreciation)

	2024	2023
Land and improvements	\$ 79,473	\$ 79,473
Water facilities	1,137,989	1,209,001
Wastewater facilities	179,556	198,249
Total capital assets	\$ 1,397,018	\$ 1,486,723

During the current year, there were no additions to capital assets.

Debt

The debt position of the District for the prior two fiscal years is summarized as follows:

Long-term debt payable, beginning of year	\$ 940,000
Decreases in long-term debt	(170,000)
Long-term debt payable, beginning and end of year	\$ 770,000

At December 31, 2024, the District had \$3,700,000 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.

The District’s bonds are unrated. There was no change in the bond rating during the fiscal year ended December 31, 2024.

Other Relevant Factors

Relationship to the City of Houston

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

Subsequent Event

On May 3, 2025, the District held a bond election at which election voters authorized the issuance of up to \$60 million in unlimited tax bonds and \$60 million in unlimited tax refunding bonds.

Harris County Municipal Utility District No. 182
Statement of Net Position and Government Funds Balance Sheet
December 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ 5,942	\$ 197,438	\$ 203,380	\$ -	\$ 203,380
Certificates of deposit	-	170,923	170,923	-	170,923
Short-term investments	224,416	93,538	317,954	-	317,954
Receivables:					
Property taxes	305,962	76,420	382,382	-	382,382
Service accounts (less allowance for uncollectible accounts of \$11,900)	22,478	-	22,478	-	22,478
Accrued interest	-	235	235	-	235
Interfund receivables	134,910	311	135,221	(135,221)	-
Capital assets (net of accumulated depreciation):					
Land and improvements	-	-	-	79,473	79,473
Infrastructure	-	-	-	1,317,545	1,317,545
Total assets	<u><u>\$ 693,708</u></u>	<u><u>\$ 538,865</u></u>	<u><u>\$ 1,232,573</u></u>	<u><u>\$ 1,261,797</u></u>	<u><u>\$ 2,494,370</u></u>

Harris County Municipal Utility District No. 182
Statement of Net Position and Government Funds Balance Sheet
December 31, 2024

(Continued)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Liabilities					
Accounts payable	\$ 59,030	\$ -	\$ 59,030	\$ -	\$ 59,030
Accrued interest payable	-	-	-	10,395	10,395
Customer deposits	7,298	-	7,298	-	7,298
Interfund payables	311	134,910	135,221	(135,221)	-
Long-term liabilities:					
Due within one year	-	-	-	180,000	180,000
Due after one year	-	-	-	590,000	590,000
Total liabilities	<u>66,639</u>	<u>134,910</u>	<u>201,549</u>	<u>645,174</u>	<u>846,723</u>
Deferred Inflows of Resources					
Deferred property tax revenues	<u>459,977</u>	<u>114,924</u>	<u>574,901</u>	<u>(1,122)</u>	<u>573,779</u>
Fund Balances/Net Position					
Fund balances:					
Restricted, reserved for debt service	-	289,031	289,031	(289,031)	-
Unassigned	<u>167,092</u>	<u>-</u>	<u>167,092</u>	<u>(167,092)</u>	<u>-</u>
Total fund balances	<u>167,092</u>	<u>289,031</u>	<u>456,123</u>	<u>(456,123)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 693,708</u>	<u>\$ 538,865</u>	<u>\$ 1,232,573</u>		
Net position:					
Net investment in capital assets				627,018	627,018
Restricted for debt service				278,804	278,804
Unrestricted				<u>168,046</u>	<u>168,046</u>
Total net position				<u>\$ 1,073,868</u>	<u>\$ 1,073,868</u>

Harris County Municipal Utility District No. 182
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended December 31, 2024

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 404,754	\$ 100,679	\$ 505,433	\$ (1,514)	\$ 503,919
Water service	62,247	-	62,247	-	62,247
Sewer service	104,239	-	104,239	-	104,239
Penalty and interest	4,253	7,240	11,493	-	11,493
Tap connection and inspection fees	3,400	-	3,400	-	3,400
Investment income	19,790	11,087	30,877	-	30,877
Other income	2,187	610	2,797	-	2,797
	<u>600,870</u>	<u>119,616</u>	<u>720,486</u>	<u>(1,514)</u>	<u>718,972</u>
Expenditures/Expenses					
Service operations:					
Purchased services	219,703	-	219,703	-	219,703
Professional fees	190,721	500	191,221	-	191,221
Contracted services	34,434	15,129	49,563	-	49,563
Utilities	11,408	-	11,408	-	11,408
Repairs and maintenance	131,837	-	131,837	-	131,837
Other expenditures	54,344	1,745	56,089	-	56,089
Depreciation	-	-	-	89,705	89,705
Debt service:					
Principal retirement	170,000	-	170,000	(170,000)	-
Interest and fees	25,380	21,290	46,670	(2,295)	44,375
	<u>837,827</u>	<u>38,664</u>	<u>876,491</u>	<u>(82,590)</u>	<u>793,901</u>
Excess (Deficiency) of Revenues Over Expenditures	(236,957)	80,952	(156,005)	156,005	
Change in Net Position				(74,929)	(74,929)
Fund Balances/Net Position					
Beginning of year	404,049	208,079	612,128	-	1,148,797
End of year	<u>\$ 167,092</u>	<u>\$ 289,031</u>	<u>\$ 456,123</u>	<u>\$ -</u>	<u>\$ 1,073,868</u>

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

Harris County Municipal Utility District No. 182 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective February 26, 1980, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code 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 and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

Harris County Municipal Utility District No. 182
Notes to Financial Statements
December 31, 2024

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal

Harris County Municipal Utility District No. 182
Notes to Financial Statements
December 31, 2024

revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. 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.

Harris County Municipal Utility District No. 182
Notes to Financial Statements
December 31, 2024

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 ended 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.

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Harris County Municipal Utility District No. 182
Notes to Financial Statements
December 31, 2024

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 1,397,018
Property tax recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	1,122
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(10,395)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(770,000)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ 617,745</u></u>

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

Change in fund balances.	\$ (156,005)
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 of depreciation expense in the current period.	(89,705)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	170,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(1,514)
Some expenses previously reported in the statement of activities are reported as expenditures in the governmental funds.	<u>2,295</u>
Change in net position of governmental activities.	<u><u>\$ (74,929)</u></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.

Harris County Municipal Utility District No. 182
Notes to Financial Statements
December 31, 2024

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.

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	\$ 317,954	\$ 317,954	\$ -	\$ -	\$ -

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 & Poor’s.

Summary of Carrying Values

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

Harris County Municipal Utility District No. 182
Notes to Financial Statements
December 31, 2024

Carrying value:		
Deposits	\$	374,303
Investments		<u>317,954</u>
Total	\$	<u><u>692,257</u></u>
Included in the following statement of net position captions:		
Cash	\$	203,380
Certificates of deposit		170,923
Short-term investments		<u>317,954</u>
Total	\$	<u><u>692,257</u></u>

Investment Income

Investment income of \$30,877 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 below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	<u>\$ 79,473</u>	<u>\$ -</u>	<u>\$ 79,473</u>
Capital assets, depreciable:			
Water production and distribution facilities	2,371,527	-	2,371,527
Wastewater collection and treatment facilities	<u>626,670</u>	<u>-</u>	<u>626,670</u>
Total capital assets, depreciable	<u>2,998,197</u>	<u>-</u>	<u>2,998,197</u>
Less accumulated depreciation:			
Water production and distribution facilities	(1,162,526)	(71,012)	(1,233,538)
Wastewater collection and treatment facilities	<u>(428,421)</u>	<u>(18,693)</u>	<u>(447,114)</u>
Total accumulated depreciation	<u>(1,590,947)</u>	<u>(89,705)</u>	<u>(1,680,652)</u>
Total governmental activities, net	<u>\$ 1,486,723</u>	<u>\$ (89,705)</u>	<u>\$ 1,397,018</u>

Note 4. Long-Term Liabilities

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

Harris County Municipal Utility District No. 182
Notes to Financial Statements
December 31, 2024

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Decreases</u>	<u>Balances, End of Year</u>	<u>Amounts Due in One Year</u>
Bonds payable:				
General obligation bonds	\$ 940,000	\$ 170,000	\$ 770,000	\$ 180,000

General Obligation Bonds

	<u>Unlimited Tax Bonds, Series 2003</u>
Amount outstanding, December 31, 2024	\$770,000
Interest rate	5.40%
Maturity dates, serially beginning/ending	April 1, 2025/2028
Interest payment dates	April 1/ October 1
Callable date*	April 1, 2012

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 180,000	\$ 36,720	\$ 216,720
2026	190,000	26,730	216,730
2027	200,000	16,200	216,200
2028	200,000	5,400	205,400
Total	<u>\$ 770,000</u>	<u>\$ 85,050</u>	<u>\$ 855,050</u>

The Series 2003 bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted	\$ 8,000,000
Bonds sold	4,300,000
Refunding bonds voted	8,000,000
Refunding bonds authorization used	2,342,645

Note 5. Significant Bond Order and Commission Requirements

The Bond Order requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.0800 per \$100 of assessed valuation, which resulted in a tax levy of \$114,756 on the taxable valuation of \$143,444,588 for the 2024 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$216,720.

Note 6. Maintenance Taxes

At an election held August 13, 1983, voters authorized a maintenance tax not to exceed \$0.75 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 \$0.3200 per \$100 of assessed valuation, which resulted in a tax levy of \$459,023 on the taxable valuation of \$143,444,588 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Groundwater Reduction Plan Agreement

The District is located within the boundaries of the Harris-Galveston Subsidence District (the Subsidence District) which regulates groundwater withdrawal. The District has entered into the City of Houston Water Supply and Groundwater Reduction Plan Wholesale Agreement for Regulatory Area 3 of the Harris-Galveston Subsidence District executed February 26, 2003 (GRP Agreement). The City of Houston (the City) is permitted by the Subsidence District for the pumping of groundwater within the boundaries of the Subsidence District and has developed a collective solution in response to Subsidence District requirements, as well as existing and anticipated groundwater quality and/or quantity problems. Pursuant to the Groundwater Reduction Plan Agreement (GRP), the City has developed a single GRP for use by the City and all other participants including the District. The GRP provides for the District's use of the City's surface water supplies. The contract rate for treated surface water supplied by the City to the District is established by City ordinance.

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. Subsequent Event

On May 3, 2025, the District held a bond election at which election voters authorized the issuance of up to \$60 million in unlimited tax bonds and \$60 million in unlimited tax refunding bonds.

Required Supplementary Information

**Harris County Municipal Utility District No. 182
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2024**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 375,000	\$ 404,754	\$ 29,754
Water service	50,000	62,247	12,247
Sewer service	85,000	104,239	19,239
Penalty and interest	5,000	4,253	(747)
Tap connection and inspection fees	-	3,400	3,400
Investment income	30,000	19,790	(10,210)
Other income	-	2,187	2,187
	<u>545,000</u>	<u>600,870</u>	<u>55,870</u>
Expenditures			
Service operations:			
Purchased services	116,000	219,703	(103,703)
Professional fees	155,000	190,721	(35,721)
Contracted services	32,000	34,434	(2,434)
Utilities	15,000	11,408	3,592
Repairs and maintenance	164,000	131,837	32,163
Other expenditures	45,755	54,344	(8,589)
Debt service:			
Principal retirement	-	170,000	(170,000)
Interest and fees	-	25,380	(25,380)
	<u>527,755</u>	<u>837,827</u>	<u>(310,072)</u>
Excess (Deficiency) of Revenues Over Expenditures	17,245	(236,957)	(254,202)
Fund Balance, Beginning of Year	<u>404,049</u>	<u>404,049</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 421,294</u>	<u>\$ 167,092</u>	<u>\$ (254,202)</u>

Harris County Municipal Utility District No. 182
Notes to Required Supplementary Information
December 31, 2024

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. 182
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
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 182
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 type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input 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):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 19.80	-	N	\$ 5.50	1 to No Limit
Wastewater:	\$ 33.00	-	N	\$ 10.05	1 to No Limit
Regional water fee:	\$ -	-	N		

Does the District employ winter averaging for wastewater usage?

Yes No

Total charges per 10,000 gallons usage (including fees): Water \$ 74.80 Wastewater \$ 133.50

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	13	13	x1.0	13
1"	25	25	x2.5	63
1 1/2"	6	6	x5.0	30
2"	8	8	x8.0	64
3"	-	-	x15.0	-
4"	1	1	x25.0	25
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	53	53		195
Total wastewater	48	48	x1.0	48

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

Gallons pumped into the system:	29,016
Gallons billed to customers:	28,592
Water accountability ratio (gallons billed/gallons pumped):	98.54%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 182
Schedule of General Fund Expenditures
Year Ended December 31, 2024

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	21,900	
Legal		138,187	
Engineering		30,634	
Financial advisor		-	190,721
		<u> </u>	
Purchased Services for Resale			
Bulk water and wastewater service purchases			219,703
Regional Water Authority			-
Contracted Services			
Bookkeeping		11,995	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		22,439	34,434
		<u> </u>	
Utilities			11,408
Repairs and Maintenance			131,837
Administrative Expenditures			
Directors' fees		10,608	
Office supplies		5,656	
Insurance		14,213	
Other administrative expenditures		23,867	54,344
		<u> </u>	
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
		<u> </u>	
Principal Retirement			170,000
Interest and Fees			25,380
Tap Connection Expenditures			-
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
			<u> </u>
Total expenditures		<u>\$</u>	<u>837,827</u>

Harris County Municipal Utility District No. 182
Schedule of Temporary Investments
December 31, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
TexPool	4.48%	Demand	\$ 224,416	\$ -
Debt Service Fund				
Certificates of Deposit				
No. 29990	2.85%	05/27/25	99,740	109
No. 15368	4.31%	06/14/25	71,183	126
TexPool	4.48%	Demand	93,538	-
			<u>264,461</u>	<u>235</u>
Totals			<u>\$ 488,877</u>	<u>\$ 235</u>

**Harris County Municipal Utility District No. 182
 Analysis of Taxes Levied and Receivable
 Year Ended December 31, 2024**

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 305,581	\$ 76,148
Additions and corrections to prior years' taxes	<u>(5,992)</u>	<u>(1,830)</u>
Adjusted receivable, beginning of year	<u>299,589</u>	<u>74,318</u>
2024 Original Tax Levy	380,914	95,229
Additions and corrections	<u>78,109</u>	<u>19,527</u>
Adjusted tax levy	<u>459,023</u>	<u>114,756</u>
Total to be accounted for	758,612	189,074
Tax collections: Current year	(154,015)	(38,504)
Prior years	<u>(298,635)</u>	<u>(74,150)</u>
Receivable, end of year	<u><u>\$ 305,962</u></u>	<u><u>\$ 76,420</u></u>
Receivable, by Years		
2024	\$ 305,008	\$ 76,252
2023	295	74
2022	245	35
2021	242	35
2020	<u>172</u>	<u>24</u>
Receivable, end of year	<u><u>\$ 305,962</u></u>	<u><u>\$ 76,420</u></u>

**Harris County Municipal Utility District No. 182
 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	\$ 21,854,389	\$ 21,815,605	\$ 21,129,770	\$ 21,155,154
Improvements	61,426,726	66,951,730	55,747,125	46,939,245
Personal property	71,064,159	49,545,178	38,378,122	45,107,768
Exemptions	<u>(10,900,686)</u>	<u>(10,377,226)</u>	<u>(10,565,936)</u>	<u>(9,427,270)</u>
Total property valuations	<u>\$ 143,444,588</u>	<u>\$ 127,935,287</u>	<u>\$ 104,689,081</u>	<u>\$ 103,774,897</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.0800	\$ 0.0800	\$ 0.0500	\$ 0.0500
Maintenance tax rates*	<u>0.3200</u>	<u>0.3200</u>	<u>0.3500</u>	<u>0.3500</u>
Total tax rates per \$100 valuation	<u>\$ 0.4000</u>	<u>\$ 0.4000</u>	<u>\$ 0.4000</u>	<u>\$ 0.4000</u>
Tax Levy	<u>\$ 573,779</u>	<u>\$ 511,741</u>	<u>\$ 418,756</u>	<u>\$ 415,100</u>
Percent of Taxes Collected to Taxes Levied**	<u>34%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum maintenance tax rate approved by voters: \$0.75 on August 13, 1983

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

Harris County Municipal Utility District No. 182
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2024

Unlimited Tax Bonds, Series 2003			
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1, October 1	Total
2025	\$ 180,000	\$ 36,720	\$ 216,720
2026	190,000	26,730	216,730
2027	200,000	16,200	216,200
2028	200,000	5,400	205,400
Totals	<u>\$ 770,000</u>	<u>\$ 85,050</u>	<u>\$ 855,050</u>

**Harris County Municipal Utility District No. 182
 Changes in Long-Term Bonded Debt
 Year Ended December 31, 2024**

	<u>Bond Issue</u>
	<u>Unlimited Tax Bonds, Series 2003</u>
Interest rate	5.40%
Dates interest payable	April 1/ October 1
Maturity dates	April 1, 2025/2028
Bonds outstanding, beginning of current year	\$ 940,000
Retirements, principal	<u>170,000</u>
Bonds outstanding, end of current year	<u>\$ 770,000</u>
Interest paid during current year	<u>\$ 46,170</u>

Paying agent's name and address:

Series 2003 - Wells Fargo Bank Texas, N.A., Houston, Texas

Bond authority:	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount authorized by voters	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ 8,000,000</u>
Amount issued	<u>\$ 4,300,000</u>	<u>\$ -</u>	<u>\$ 2,342,645</u>
Remaining to be issued	<u>\$ 3,700,000</u>	<u>\$ -</u>	<u>\$ 5,657,355</u>
Debt service fund cash and temporary investment balances as of December 31, 2024:			<u>\$ 461,899</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 213,763</u>

Harris County Municipal Utility District No. 182
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 404,754	\$ 360,412	\$ 364,718	\$ 395,132	\$ 355,968
Water service	62,247	51,601	49,363	27,859	33,612
Sewer service	104,239	83,520	77,596	45,753	53,675
Penalty and interest	4,253	2,303	1,424	5,051	1,249
Tap connection and inspection fees	3,400	4,080	1,970	2,075	1,826
Investment income	19,790	28,922	8,683	126	1,642
Other income	2,187	3,573	4,340	1,627	1,946
Total revenues	600,870	534,411	508,094	477,623	449,918
Expenditures					
Service operations:					
Purchased services	219,703	127,382	93,857	91,702	96,905
Professional fees	190,721	165,510	139,159	151,649	134,694
Contracted services	34,434	33,818	32,709	31,440	29,527
Utilities	11,408	7,820	5,766	6,648	6,439
Repairs and maintenance	131,837	176,003	133,316	182,294	136,887
Other expenditures	54,344	49,575	61,668	52,572	37,935
Capital outlay	-	-	-	-	108,123
Debt service:					
Principal retirement	170,000	-	-	-	-
Interest and fees	25,380	-	-	-	-
Total expenditures	837,827	560,108	466,475	516,305	550,510
Excess (Deficiency) of Revenues Over Expenditures	(236,957)	(25,697)	41,619	(38,682)	(100,592)
Fund Balance, Beginning of Year	404,049	429,746	388,127	426,809	527,401
Fund Balance, End of Year	\$ 167,092	\$ 404,049	\$ 429,746	\$ 388,127	\$ 426,809
Total Active Retail Water Connections	53	53	52	53	52
Total Active Retail Wastewater Connections	48	48	48	48	47

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
67.4 %	67.4 %	71.8 %	82.7 %	79.1 %
10.3	9.7	9.7	5.8	7.5
17.3	15.6	15.3	9.6	11.9
0.7	0.4	0.3	1.1	0.3
0.6	0.8	0.4	0.4	0.4
3.3	5.4	1.7	0.0	0.4
0.4	0.7	0.8	0.4	0.4
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
36.6	23.8	18.5	19.2	21.5
31.7	31.0	27.4	31.7	30.0
5.7	6.3	6.4	6.6	6.6
1.9	1.5	1.1	1.4	1.4
21.9	32.9	26.3	38.2	30.4
9.1	9.3	12.1	11.0	8.4
-	-	-	-	24.0
28.3	-	-	-	-
4.2	-	-	-	-
<u>139.4</u>	<u>104.8</u>	<u>91.8</u>	<u>108.1</u>	<u>122.3</u>
<u>(39.4) %</u>	<u>(4.8) %</u>	<u>8.2 %</u>	<u>(8.1) %</u>	<u>(22.3) %</u>

Harris County Municipal Utility District No. 182
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended December 31,

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ 100,679	\$ 51,488	\$ 52,103	\$ 56,447	\$ 50,852
Penalty and interest	7,240	3,923	7,760	9,832	11,860
Investment income	11,087	6,741	527	245	1,060
Other income	610	7,250	295	60	119
Total revenues	119,616	69,402	60,685	66,584	63,891
Expenditures					
Current:					
Professional fees	500	598	5,464	3,124	2,409
Contracted services	15,129	12,359	13,946	20,768	8,368
Other expenditures	1,745	2,789	5,842	2,331	3,581
Debt service, interest and fees	21,290	51,760	50,760	51,260	51,260
Total expenditures	38,664	67,506	76,012	77,483	65,618
Excess (Deficiency) of Revenues Over Expenditures	80,952	1,896	(15,327)	(10,899)	(1,727)
Fund Balance, Beginning of Year	208,079	206,183	221,510	232,409	234,136
Fund Balance, End of Year	\$ 289,031	\$ 208,079	\$ 206,183	\$ 221,510	\$ 232,409

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
84.2 %	74.2 %	85.8 %	84.8 %	79.6 %
6.0	5.6	12.8	14.8	18.5
9.3	9.7	0.9	0.3	1.7
<u>0.5</u>	<u>10.5</u>	<u>0.5</u>	<u>0.1</u>	<u>0.2</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.4	0.9	9.0	4.7	3.8
12.6	17.8	23.0	31.2	13.1
1.5	4.0	9.6	3.5	5.6
<u>17.8</u>	<u>74.6</u>	<u>83.7</u>	<u>77.0</u>	<u>80.2</u>
<u>32.3</u>	<u>97.3</u>	<u>125.3</u>	<u>116.4</u>	<u>102.7</u>
<u><u>67.7 %</u></u>	<u><u>2.7 %</u></u>	<u><u>(25.3) %</u></u>	<u><u>(16.4) %</u></u>	<u><u>(2.7) %</u></u>

**Harris County Municipal Utility District No. 182
Board Members, Key Personnel and Consultants
Year Ended December 31, 2024**

Complete District mailing address:	Harris County Municipal Utility District No. 182 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	January 10, 2023
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Thomas W. Cossey	Elected 05/22- 05/26	\$ 2,431	\$ 1,100	President
Jimmy G. Cox	Elected 05/24- 05/28	2,431	1,100	Vice President
Jon A. Vogler	Elected 05/22- 05/26	1,989	900	Secretary
Mark O. Duncan	Elected 05/22- 05/26	2,431	1,100	Assistant Secretary
Don R. Switzer	Elected 05/24- 05/28	1,326	600	Assistant Secretary

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

**Harris County Municipal Utility District No. 182
Board Members, Key Personnel and Consultants
Year Ended December 31, 2024**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Forvis Mazars, LLP	12/23/85	\$ 21,900	Auditor
The GMS Group, L.L.C.	Prior to 01/01/98	-	Financial Advisor
Harris Central Appraisal District	Legislative Action	4,185	Appraiser
Inframark, LLC	04/25/85	154,450	Operator
LJA Engineering, Inc.	02/24/10	34,053	Engineer
Municipal Business Services, Inc.	04/08/85	11,995	Bookkeeper
Smith, Murdaugh, Little & Bonham, L.L.P.	03/28/80	138,687	Attorney
Utility Tax Service, LLC	07/16/14	10,944	Tax Assessor/ Collector
Investment Officer			
Bob Ideus	06/19/13	N/A	Bookkeeper

APPENDIX B

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)