OFFICIAL STATEMENT DATED JULY 20, 2026

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

The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

**NEW ISSUE – Book Entry Only** **S&P Global Ratings (BAM Insured): "AA"**

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81

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

**$3,000,000**
**Unlimited Tax Road Bonds,**
**Series 2026**

**Dated: August 1, 2026** **Due: September 1, as shown on inside cover page**
**Interest Accrues from Delivery Date**

The $3,000,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") are solely obligations of the Brazoria County Municipal Utility District No. 81 (the "District") and are not obligations of the State of Texas, Brazoria County, the City of Alvin, Texas, or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas, Brazoria County, Texas, the City of Alvin, Texas, nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated August 1, 2026, and interest on the Bonds accrues from the date of their initial delivery, currently scheduled for August 19, 2026 (the "Delivery Date"). Interest is payable March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the inside cover page.

The Bonds will be registered and delivered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which, in turn, will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System."

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

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

The Bonds constitute the first series of unlimited tax bonds issued by the District for the purpose of (i) designing, acquiring, constructing, financing, improving, operating, and maintaining macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads, including, but not limited to, all additions to such facilities and all land, improvements, facilities, equipment, appliances, interests in property and contract rights needed therefor, and administrative facilities needed in connection therewith (the "Road System"), by authority of an election held within and for the District on May 7, 2022, (ii) to pay for capitalized interest for eighteen (18) months, and (iii) to pay the costs of issuance of the Bonds. THE BONDS ARE SUBJECT TO RISK FACTORS DESCRIBED HEREIN. SEE "RISK FACTORS." The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of a continuing annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment." Neither the State of Texas, Brazoria County, Texas, the City of Alvin, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, Brazoria County, Texas, the City of Alvin, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered, when, as and if issued by the District and accepted by the winning bidder of the Bonds (the "Initial Purchaser"), subject, among other things, to the approval of the Attorney General of Texas and of Norton Rose Fulbright US LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel. This Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdictions. Delivery of the Bonds through the facilities of DTC is expected on or about August 19, 2026.

## MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

### $3,000,000 Unlimited Tax Road Bonds, Series 2026

| Maturity September 1 | Principal Amount | Interest Rate | Initial Reoffering Yield[a] | CUSIP No. 10608G[b] | Maturity September 1 | Principal Amount | Interest Rate | Initial Reoffering Yield[a] | CUSIP No. 10608G[b] |
|---|---|---|---|---|---|---|---|---|---|
| 2028 | $65,000 | 6.625% | 3.000% | AA7 | 2040[c] | $120,000 | 4.125% | 4.150% | AN9 |
| 2029 | 70,000 | 6.625% | 3.080% | AB5 | 2041[c] | 125,000 | 4.125% | 4.250% | AP4 |
| 2030 | 70,000 | 6.625% | 3.150% | AC3 | 2042[c] | 135,000 | 4.250% | 4.350% | AQ2 |
| 2031 | 75,000 | 6.625% | 3.250% | AD1 | 2043[c] | 140,000 | 4.375% | 4.450% | AR0 |
| 2032 | 80,000 | 6.625% | 3.350% | AE9 | 2044[c] | 150,000 | 4.375% | 4.500% | AS8 |
| 2033[c] | 85,000 | 6.625% | 3.450% | AF6 | 2045[c] | 155,000 | 4.500% | 4.550% | AT6 |
| 2034[c] | 90,000 | 6.625% | 3.500% | AG4 | 2046[c] | 165,000 | 4.500% | 4.600% | AU3 |
| 2035[c] | 95,000 | 6.625% | 3.600% | AH2 | 2047[c] | 170,000 | 4.625% | 4.625% | AV1 |
| 2036[c] | 100,000 | 4.250% | 3.880% | AJ8 | 2048[c] | 180,000 | 4.625% | 4.640% | AW9 |
| 2037[c] | 105,000 | 4.125% | 4.000% | AK5 | 2049[c] | 190,000 | 4.625% | 4.660% | AX7 |
| 2038[c] | 110,000 | 4.125% | 4.080% | AL3 | 2050[c] | 200,000 | 4.625% | 4.670% | AY5 |
| 2039[c] | 115,000 | 4.125% | 4.130% | AM1 | 2051[c] | 210,000 | 4.625% | 4.680% | AZ2 |

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

[b] CUSIP numbers will be assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds. None of the District, Municipal Advisor (herein defined) or Initial Purchaser shall be responsible for the selection or the correctness of the CUSIP numbers.

[c] Bonds maturing on September 1, 2033, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – Redemption of the Bonds."

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and 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 Norton Rose Fulbright US LLP for further information.

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

Neither the District nor the Initial Purchaser makes any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

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

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "RISK FACTORS" in this Official Statement, as well as additional factors beyond the District's control. The important risk factors and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

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

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**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 resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" on the inside cover, at a price of 98.003597% of the par value thereof, which resulted in a net effective interest rate of 4.757204%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

### Prices and Marketability

The District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

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

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

### Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any 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 should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

## MUNICIPAL BOND INSURANCE

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

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

## BUILD AMERICA MUTUAL ASSURANCE COMPANY

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

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

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

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

*Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $493.3 million, $277.6 million and $215.7 million, respectively.

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

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

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

*Additional Information Available from BAM*

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

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all

bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

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

## RATINGS

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the Policy for the Bonds by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating).

No application was made for a municipal bond rating on the underlying debt. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating.

(*Remainder of this page intentionally left blank.*)

## OFFICIAL STATEMENT SUMMARY

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

### THE BONDS

| | |
|---|---|
| The District..... | Brazoria County Municipal Utility District No. 81 (the "District"), a political subdivision of the State of Texas located within Brazoria County, Texas. See "THE DISTRICT – Description." |
| The Bonds..... | The District is issuing $3,000,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"). The Bonds are dated August 1, 2026 and mature on September 1 in the years and amounts set forth on the inside cover page hereof. Interest accrues from the date of the initial delivery of the Bonds at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS." |
| Redemption ..... | Bonds maturing on and after September 1, 2033, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2032, and on any date thereafter at a price of par plus accrued interest from the most recent Interest Payment Date to the date of redemption. The Initial Purchaser (as defined herein) may designate one or more maturities as term bonds. See accompanying "Official Notice of Sale" and "THE BONDS – Redemption of the Bonds" herein. |
| Book-Entry-Only System ..... | The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (as defined herein), 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 and interest on the Bonds will be payable by the Paying Agent/Registrar (as defined herein) 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 "THE BONDS - Book-Entry-Only System"). |
| Source of Payment..... | Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, each levied upon all taxable property within the District without legal limitation as to rate or amount. See "THE BONDS - Source of Payment," and "TAX DATA - Tax Rate Calculations." |
| Qualified Tax-Exempt Obligations..... | The Bonds are designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations." |
| Outstanding Bonds ..... | The Bonds are the District's first issuance of bonds. The District has no outstanding bonds. |
| Payment Record..... | The Bonds constitute the first series of unlimited tax bonds issued by the District. As this is the District's first issuance, there is no |

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| | payment record on prior bonds. See "SELECTED FINANCIAL INFORMATION (UNAUDITED)." |
| Authorized but Unissued Bonds ..... | Voters in the District have authorized total principal amounts of unlimited tax bonds: $82,300,000 for water, sewer and drainage facilities (the "Utility System"); $24,600,000 for road facilities (the "Road System"); and $3,450,000 for parks and recreational facilities (the "Park Facilities"). Following the issuance of the Bonds, $21,600,000 of unlimited tax bonds will remain authorized but unissued for the Road System, and all amounts of voted authority for the Utility System and the Park Facilities will remain authorized but unissued. |
| Authority for Issuance ..... | The Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution, (ii) the Creation Order (as herein defined), (iii) the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iv) an order (the "Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Bonds, and (v) an election held within the District on May 7, 2022. |
| Use of Bond Proceeds..... | A portion of the proceeds from the sale of the Bonds will be used to reimburse D.R. Horton-Texas, Ltd. for construction costs set out under "THE BONDS – Use and Distribution of Bond Proceeds." In addition, a portion of the proceeds from the Bonds will be used to pay developer interest, eighteen (18) months of capitalized interest on the Bonds, and certain other costs associated with the issuance of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds." |
| Municipal Bond Insurance..... | 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 is expected to be issued by Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE." |
| Ratings..... | The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the Policy for the Bonds by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating).<br><br>No application was made for a municipal bond rating on the underlying debt. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating. See "RATINGS." |
| Bond Counsel ..... | Norton Rose Fulbright US LLP, Houston, Texas. |
| Disclosure Counsel..... | Orrick, Herrington & Sutcliffe LLP, Houston, Texas. |
| Municipal Advisor..... | Tierra Financial Advisors, LLC, Richmond, Texas ("Tierra"). Tierra is a wholly-owned subsidiary of D.R. Horton, Inc., the primary |

developer of land in the District. See "RELATIONSHIP AMONG THE PARTIES" herein.

**THE DISTRICT**

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| Description ..... | The District is a political subdivision of the State of Texas created by an order of the Texas Commission on Environmental Quality (the "TCEQ") on January 20, 2022 (the "Creation Order") as a municipal utility district created under and essential to accomplish the purposes of Section 59, Article XVI, and Section 52, Article III of the Texas Constitution, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. See "THE DISTRICT." |
| Location..... | The District consists of approximately 286.852 acres located in the northeast portion of Brazoria County, Texas. Land within the District is situated entirely within the corporate limits of the City of Alvin, Texas. |
| Developers and Principal Landowners ..... | The developers and principal landowners of the land within the District, as of January 1, 2026, are D.R. Horton-Texas, Ltd. ("D.R. Horton-Texas"), a Texas limited partnership and a wholly owned subsidiary of D.R. Horton, Inc. ("D.R. Horton"), and Sullivan Brothers Builders, Ltd., a Texas limited partnership ("Sullivan Brothers") and a wholly owned subsidiary of Sullivan Brothers Family of Companies, LLC ("SBFC") (collectively, the "Developers"). D.R. Horton is a Delaware corporation and publicly held company, the stock of which is listed on the New York Stock Exchange under the ticker symbol "DHI." D.R. Horton has been the largest homebuilder by volume in the United States since 2002. Founded in 1978 in Fort Worth, Texas, D.R. Horton has operations in 126 markets in thirty-six (36) states across the United States. For the trailing twelve months ended March 31, 2026, D.R. Horton's homebuilding operations closed 83,832 homes. Consolidated revenues for the same twelve-month period exceeded $33.3 billion. D.R. Horton-Texas is actively constructing the Watermark development and is expected to commence development of Georgetown Section 2; Sullivan Brothers is commencing development of the Magnolia Trails development. See "PRINCIPAL LANDOWNERS/DEVELOPERS." |
| Development within the District..... | The District is being developed as three non-contiguous communities: Watermark, Georgetown (Section 2 only), and Magnolia Trails.<br><br>Watermark is being developed by D.R. Horton-Texas. D.R. Horton-Texas is actively developing, building, and selling homes in the Watermark development. Watermark includes 223 single-family residential lots on approximately 103.6 acres. As of May 1, 2026, Watermark consisted of 162 completed homes, 10 homes under construction (10 contracted for sale), and 51 vacant developed lots.<br><br>In addition to the development described above, D.R. Horton-Texas has constructed a pavilion with a playground and open spaces on approximately 0.9 acres in Watermark. Watermark includes approximately 0 developable acres that have not been provided with water distribution, sanitary sewer and storm drainage facilities. The remainder of Watermark is comprised of approximately 103.6 acres of street right-of-way, easements, drainage, floodway, open spaces |

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| | and utility sites, including the 0.9 acres devoted to the recreation center.<br><br>Georgetown Section 2 is approximately 42.6 acres and will be developed by D.R. Horton-Texas. Development has not yet begun for Georgetown Section 2. There are 71 planned lots for Section 2 and D.R. Horton-Texas anticipates building and pricing homes substantially similar to those completed in Watermark.<br><br>Magnolia Trails is approximately 140.70 acres within the District and 0.41 acres outside the District and is being developed by Sullivan Brothers. There are 361 planned lots and as of June 1, 2026, Sullivan Brothers is commencing grading work in the Magnolia Trails development. Delivery of lots in the Magnolia Trails development is expected to begin in August 2026.<br><br>See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District." |
| Homebuilders ..... | As of May 1, 2026, the only homes completed or under construction are in Watermark. D.R. Horton-Texas is building the single-family homes in the Watermark development. Homes in Watermark range in price from approximately $294,900 to $364,900, and home sizes range from approximately 1,412 to 2,649 square feet.<br><br>See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District." |

## RISK FACTORS

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

## SELECTED FINANCIAL INFORMATION

## (UNAUDITED)

| | | |
|---|---|---|
| 2025 Certified Assessed Valuation | $ | 36,802,856[a] |
| Estimated Assessed Valuation as of April 1, 2026 | $ | 56,571,120[b] |
| Direct Debt: | | |
| The Bonds | $ | 3,000,000 |
| Total | $ | 3,000,000 |
| Estimated Overlapping Debt | $ | 3,304,705[c] |
| Total Direct and Estimated Overlapping Debt | $ | 6,304,705[c] |
| Direct Debt Ratio: | | |
| As a percentage of 2025 Certified Assessed Valuation | | 8.15% |
| As a percentage of Estimated Assessed Valuation as of April 1, 2026 | | 5.30% |
| Direct and Estimated Overlapping Debt Ratio: | | |
| As a percentage of 2025 Certified Assessed Valuation | | 17.13% |
| As a percentage of Estimated Assessed Valuation as of April 1, 2026 | | 11.14% |
| Road System Debt Service Fund[d] (as of May 18, 2026) | $ | - |
| Road System Capital Projects Fund (as of May 18, 2026) | $ | - |
| Operating Fund (as of May 18, 2026) | $ | 200,218 |
| 2025 Tax Rate: | | |
| Utility System Debt Service | $ | - |
| Road System Debt Service | $ | - |
| Maintenance & Operations | $ | 0.85 |
| Total[e] | $ | 0.85 |
| Average Annual Debt Service Requirements on the Bonds (2026 – 2051) | $ | 208,381[f] |
| Maximum Annual Debt Service Requirements on the Bonds (2051) | $ | 219,713[f] |
| Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Bonds (2026 - 2051): | | |
| Based on 2025 Certified Assessed Valuation at 95% Collections | $ | 0.60 |
| Based on Estimated Assessed Valuation as of April 1, 2026 at 95% Collections | $ | 0.39 |
| Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds (2051): | | |
| Based on 2025 Certified Assessed Valuation at 95% Collections | $ | 0.63 |
| Based on Estimated Assessed Valuation as of April 1, 2026 at 95% Collections | $ | 0.41 |

[a] Represents the assessed valuation of all taxable property in the District as of January 1, 2025, provided by the Brazoria County Appraisal District (the "Appraisal District''). See ''TAX DATA'' and ''TAXING PROCEDURES.''

[b] Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of April 1, 2026 and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2025 to April 1, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

[c] See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

[d] Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. The funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Bonds and any other bonds issued for the purpose of designing, acquiring, constructing, financing, improving, operating, and maintaining the Road System. The funds in the Road System Debt Service Fund are not pledged to pay debt service on bonds issued for the Utility System or any other purpose. Upon the issuance of the Bonds, eighteen (18) months of capitalized interest will be deposited into the Road System Debt Service Fund.

[e] See "TAX DATA – Tax Rate Calculations."

[f] See "DISTRICT DEBT – Combined Debt Service Requirement Schedule."

**OFFICIAL STATEMENT**

**relating to**

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81**

(A Political Subdivision of the State of Texas, located within Brazoria County, Texas)

**$3,000,000**
**Unlimited Tax Road Bonds,**
**Series 2026**

## INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Brazoria County Municipal Utility District No. 81 (the "District") of its $3,000,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution, (ii) an order of the Texas Commission on Environmental Quality (the "TCEQ") on January 20, 2022 creating the District (the "Creation Order"), (iii) the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iv) an order (the "Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Bonds, and (v) an election held within the District on May 7, 2022.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Norton Rose Fulbright US LLP, 1550 Lamar Street, Suite 2000, Houston, Texas 77010, Attn: Dimitri Millas, or during the offering period from the District's Municipal Advisor, Tierra Financial Advisors, LLC, Attn: Chris Prugar, 6744 Horton Vista Drive, Richmond, Texas 77407 upon payment of reasonable copying, mailing and handling charges.

## RELATIONSHIP AMONG THE PARTIES

Tierra Financial Advisors, LLC, serves as municipal advisor to the District (the "Municipal Advisor") and is a wholly owned subsidiary of D.R. Horton, Inc. ("D.R. Horton"), the parent company of D.R. Horton-Texas, Ltd. ("D.R. Horton-Texas"), one of the developers of land in the District. The District was created on January 20, 2022 at the request of D.R. Horton-Texas to facilitate development in the District. D.R. Horton-Texas currently owns approximately 7.37% of the total taxable assessed value of property in the District, and Sullivan Brothers Builders, Ltd. ("Sullivan Brothers" and together with D.R. Horton-Texas, the "Developers") owns approximately 2.81% of the total taxable assessed value of property in the District. See "DEVELOPMENT OF THE DISTRICT," "PRINCIPAL LANDOWNERS/DEVELOPERS" and "TAX DATA – Principal Taxpayers." A portion of the proceeds of the Bonds will be used to reimburse D.R. Horton-Texas and Sullivan Brothers for expenditures incurred in connection with the development of infrastructure in the District. See "THE BONDS – Use and Distribution of Bond Proceeds." No employees of D.R. Horton, D.R. Horton-Texas or Sullivan Brothers are members of the Board of the District and the Municipal Advisor is subject to federal laws and regulations that require it to disclose, manage and mitigate conflicts of interest consistent with its fiduciary duties to the District.

## RISK FACTORS

### General

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

District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

**Factors Affecting Taxable Values and Tax Payment**

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

***Competition***: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to the City of Houston, Texas that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District. The competitive position of the Developers or the principal landowners in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

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

***Dependence on Principal Taxpayers and the Developers:*** The top ten principal taxpayers represent $6,520,378 or 17.72% of the 2025 Certified Assessed Valuation, which represents ownership as of January 1, 2025. D.R. Horton-Texas owns approximately $2,711,418 or 7.37% of the 2025 Certified Assessed Valuation of property located within the District. Sullivan Brothers owns approximately $1,033,590 or 2.81% of the 2025 Certified Assessed Valuation of property located within the District. Collectively, the Developers own approximately $3,745,008 or 10.18% of the 2025 Certified Assessed Valuation of property located within the District. If these or other principal taxpayers were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

***Maximum Impact on District Tax Rates:*** The value of the land and improvements currently within the District will be the major determinant of the ability of the District to collect and the willingness of District property owners to pay, ad valorem taxes levied by the District. The District's 2025 Certified Assessed Valuation is $36,802,856 (see "TAX DATA"), reflecting the District's certified 2025 tax roll supplied to the District by the Brazoria County Appraisal District (the "Appraisal District"). The Estimated Assessed Valuation as of April 1, 2026, supplied by the Appraisal District is $56,571,120.

The Bonds constitute the District's first series of unlimited tax bonds. The maximum annual debt service on the Bonds is $219,713. To pay the maximum annual debt service, the District must levy a tax rate of $0.63 to pay such debt service at a 95% tax collection rate of the District's 2025 Certified Assessed Valuation, and the District must levy a

tax rate of $0.41 to pay such debt service at a 95% tax collection rate of the District's Estimated Assessed Valuation as of April 1, 2026. The average annual debt service on the Bonds is $208,381. To pay the average annual debt service, the District must levy a tax rate of $0.60 to pay such debt service at a 95% tax collection rate of the District's 2025 Certified Assessed Valuation, and the District must levy a tax rate of $0.39 to pay such debt service at a 95% tax collection rate of the Estimated Assessed Valuation as of April 1, 2026. In 2025, the District levied a maintenance tax of $0.85 per $100 of assessed valuation.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate, is $3.296301 per $100 of Assessed Valuation. Such aggregate rate is higher than the aggregate tax levies of many municipal utility districts in the Houston, Texas ("Houston") metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

**Dependence on the Oil and Gas Industry**

The fluctuations in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in an ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

**Competitive Nature of Residential Housing Market**

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

**Tax Collection and Foreclosure Remedies**

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other 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.

Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

**Bondholders' Remedies**

In the event of default in the payment of principal of or interest on the Bonds, the registered holders of the Bonds ("Bondholders") have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not provide for remedies to protect and enforce the interests of the Bondholders. 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. Based on recent Texas court decisions, it is unclear whether, §49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Bondholders could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property of the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Bondholders would have to initiate and finance the legal process to enforce their remedies. SEE "THE BONDS-Bondholders' Remedies and Bankruptcy Limitation to Bondholders' Rights."

**Bankruptcy Limitation to Bondholders' Rights**

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: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions 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 the District with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the Bondholder could potentially and adversely impair the value of the Bondholder's claim.

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, 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 such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily. SEE "THE BONDS-Bondholders' Remedies and Bankruptcy Limitation to Bondholders' Rights."

**Marketability**

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

**Future Debt**

At an election held within the District on May 7, 2022, voters of the District authorized the District's issuance of the total principal amounts of unlimited tax bonds: $82,300,000 for water, sewer and drainage facilities (the "Utility System"); $24,600,000 for the Road System and $3,450,000 for parks and recreational facilities (the "Park Facilities").

The Bonds represent the first series of bonds issued by the District for the purpose of designing, acquiring, constructing, financing, improving, operating, and maintaining the Road System. After issuance of the Bonds, the principal amounts of unlimited tax bonds remaining authorized but unissued are: $82,300,000 for the Utility System, $21,600,000 for the Road System and $3,450,000 for the Park Facilities. The District may issue any additional bonds

as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations. See "THE BONDS – Issuance of Additional Debt."

The District's issuance of any remaining authorized unlimited tax bonds for the Utility System and any authorized unlimited tax bonds for the Park Facilities shall be subject to approval by the TCEQ.

According to the Developers, following the issuance of the Bonds, the District will owe the Developers approximately $10 million for the existing Utility System, the Road System and Park Facilities. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District does not intend to issue any additional unlimited tax bonds in the current calendar year. See "THE BONDS-Issuance of Additional Debt."

**Continuing Compliance with Certain Covenants**

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

**Approval of the Bonds**

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

**Environmental Regulations**

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

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

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

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

The HGB Area is currently designated as a "severe" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification

that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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

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

*Water Supply & Discharge Issues.* Water supply and discharge regulations that 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 Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. 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.

**Severe Weather Events**

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

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

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

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.

**Potential Impact of Natural Disaster**

The District could be impacted by wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates.

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

**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 Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the 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 BAM at such time and in such amounts as would have been due absence such prepayment by the District unless BAM chooses to pay such amounts at an earlier date.

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

In the event BAM 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 BAM 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 BAM and its claim paying ability. BAM'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 BAM and of the ratings on the Bonds insured by BAM will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE" and "RATINGS."

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

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

**Changes in Tax Legislation**

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

## THE BONDS

**General**

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. Copies of the Bond Order may be obtained from the District upon written request made to the District's Municipal Advisor, Tierra Financial Advisors, LLC, 6744 Horton Vista Drive, Richmond, Texas 77407. 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.

The Bonds are dated August 1, 2026, and will mature on September 1 in the years and in the principal amounts indicated on the inside cover page hereof. The Bonds will accrue interest from the date of their initial delivery (the "Delivery Date"), at the stated interest rates indicated on the inside cover page hereof. Interest on the Bonds is payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity

or prior redemption. The Bonds will be issued as fully registered bonds in principal denominations of $5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described below under "Book-Entry-Only System."

In the event the Book-Entry-Only System is discontinued and physical bond certificates are issued, principal of the Bonds will be payable to a Bondholder thereof at maturity or earlier redemption upon presentation of Bonds at the principal payment office of Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar") and interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to Bondholders as shown on the records of the Paying Agent/Registrar on the 15th day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "Record Date"), or by other such customary banking arrangements as may be acceptable to the Paying Agent/Registrar and the Bondholder at the expense and risk of the Bondholder. If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Order, without additional interest and with the same force and effect as if made on the specified date for such payment.

**Book-Entry-Only System**

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by 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 and the Municipal Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

*The District 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, (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 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 required by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount 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"). DTC has a rating from S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds except in the event that use of the book-entry system for the Bonds is discontinued. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners.

The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 detail 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, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Bonds depository). In that event, Bonds 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, but none of the District or the Municipal Advisor 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.

**Use of Certain Terms in Other Sections of this Official Statement**

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

**Funds and Accounts**

The Bond Order confirms establishment and maintenance by the District of a Bond Fund (as further described in the Bond Order).

The Bond Fund is the District's interest and sinking fund. The Bond Order requires that the District credit to the Bond Fund (i) all receipts of taxes (and penalty and interest thereon) net of collection costs levied to provide for the payment of principal of and interest on (or fees and expenses of the Paying Agent/registrar with respect to) the Bonds, (ii) all earnings from the investment of amounts credited to the Bond Fund, and (iii) any other funds of the District deposited to the Bond Fund to pay principal (or redemption price) of or interest on the Bonds. The Bond Order requires that the Bond Fund be applied solely to pay the principal or redemption price of, interest on, and the Paying Agent fees with respect to the Bonds and any other tax-supported obligations of the District when due.

The Construction Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit into the Construction Fund the balance of the proceeds of the sale of the Bonds remaining after deposit of the amounts required to be deposited into the Bond Fund. The Construction Fund may be applied solely (i) to pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued and (ii) to the extent the proceeds of any series of bonds deposited to the Construction Fund and investment income attributable thereto are in excess of the amounts required for such purposes, then in the discretion of the District and with the consent of the TCEQ, unless such consent is not required, to transfer such unexpended proceeds or income to the District's interest and sinking fund or to apply the same to one or more other lawful purposes for which surplus construction funds may be used.

**Successor Paying Agent/Registrar**

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

**Registration, Transfer and Exchange**

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any

Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

**Redemption of the Bonds**

The Bonds maturing on September 1, 2033, and thereafter, are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Bondholder of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Bondholder of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

**Replacement of Bonds**

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

**Authority for Issuance**

At an election held within the District on May 7, 2022, voters of the District authorized the District's issuance of the total principal amounts of unlimited tax bonds: $82,300,000 for the Utility System; $24,600,000 for the Road System and $3,450,000 for the Park Facilities.

The Bonds are issued pursuant to (i) Article III, Section 52 of the Texas Constitution, (ii) the Creation Order, (iii) the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iv) the Bond Order, and (v) an election held within the District on May 7, 2022.

**Source of Payment**

The Bonds, when issued, will constitute valid and binding obligations of the District payable as to principal and interest from the proceeds of a continuing direct annual ad valorem tax levied upon each $100 valuation of taxable property located within the District, without legal limitation as to rate or amount to the extent and subject to conditions described herein. In the Bond Order, the District covenants to levy a sufficient tax to pay, along with other sources legally available for such purposes, the principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and certain fees. Tax proceeds, after deduction for collection costs, will be placed in the Bond Fund and used solely to pay principal of and interest on the Bonds and Paying Agent fees and expenses with respect to the Bonds.

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

**Issuance of Additional Debt**

The District may issue additional bonds with the approval of the TCEQ, as applicable, (with respect to the bonds for the Utility System or for Park Facilities) necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the following total principal amounts of unlimited tax bonds: $82,300,000 for the Utility System; $24,600,000 for the Road System and $3,450,000 for the Park Facilities.

The Bonds represent the first series of bonds issued by the District for the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $82,300,000 for the

Utility System, $21,600,000 for the Road System and $3,450,000 for the Park Facilities. The District may also issue any additional bonds as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the Utility System or for Park Facilities, approved by the TCEQ).

According to the Developers, following the issuance of the Bonds, the District will owe the Developers approximately $10 million for the existing Utility System, the Road System and the Park Facilities.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District; however, the outstanding principal amount of such bonds may exceed one percent (1%) but not three percent (3%) of the value of the taxable property in the District if the District has (i) a ratio of debt to certified assessed valuation of ten percent (10%) or less; (ii) a credit rating that conforms to the TCEQ rules; (iii) a credit enhanced rating on the District's bond issue that conforms to the TCEQ rules; or (iv) a contract with a political subdivision or an entity acting on behalf of a political subdivision under which the subdivision or the entity agrees to provide to the District taxes or other revenues, as consideration for the District's development or acquisition of the facility, including a contract under Section 49.108 of the Texas Water Code, as amended.

The District does not intend to issue any additional unlimited tax bonds in the current calendar year.

**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, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District is not contemplating consolidation.

**No Arbitrage**

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

**Defeasance**

Any Bond shall be deemed to be paid and shall no longer be considered to be a Bond within the meaning of the Bond Order when payment of the principal of and interest on such Bond to the Stated Maturity thereof or (if notice of redemption shall have been duly given, irrevocably provided for, or waived as provided in the Bond Order) to the Redemption Date shall have been made or shall have been provided for by deposit with the Paying Agent for such payment (or with any other bank or trust company which has agreed to hold the same for such purpose) (1) money sufficient to make such payment, (2) Governmental Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Governmental Obligations together so certified sufficient to

make such payment, provided that all the expenses pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Paying Agent (and to such other bank or trust company).

If such deposit is made for some but not all of the Bonds then Outstanding, the District shall designate the Stated Maturities of Bonds for which such deposit is made. If such deposit shall be sufficient to provide for the payment of the principal of and interest on some but not all Outstanding Bonds of a particular Stated Maturity so designated, the Paying Agent shall select the Outstanding Bonds of such Stated Maturity with respect to which such deposit is made by such random method as the Paying Agent shall deem fair and appropriate and which may provide for the selection of portions (equal to $5,000 or any integral multiple thereof) of the principal amount of Bonds of a denomination larger than $5,000.

"Governmental Obligations" means (1) direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, or (2) obligations authorized under Texas law from time to time for discharge and final payment of political or governmental subdivisions which, at the time of deposit have been assigned ratings in the highest rating category of either Moody's Investors Service, Inc. or S&P Global Ratings, or any successor to the bond operations of either of such corporations, but in the case of both Clauses (1) and (2) only if such obligations may not be called for redemption prior to maturity

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Bondholders may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

**Legal Investment and Eligibility to Secure Public Funds in Texas**

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

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any 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 that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

**Bondholders' Remedies**

The Bond Order contains a covenant that while any part of the Bonds is outstanding, there shall be assessed, levied, and collected a direct, continuing, annual ad valorem tax, without legal limit as to rate or amount, on all taxable property within the District, sufficient to pay principal of and interest on the Bonds issued for the Road System, and any additional tax bonds when due and to pay the expenses necessary in collecting taxes. Texas law and the Bond Order provide that in the event that the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make debt service payments, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Order, any Bondholder shall be entitled at any time to a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform

any covenant, obligation, or condition prescribed by the Bond Order. Such right is in addition to all other rights the Bondholders may be provided by the laws of the State of Texas.

Except for mandamus, the Bond Order does not specifically provide for remedies to a Bondholder in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Bondholders. There is no acceleration of maturity of the Bonds in the event of default. Consequently, the remedy of mandamus is a remedy which may have to be relied upon from year to year by the Bondholders. Even if the Bondholders could obtain a judgment against the District, such judgment could not be enforced by direct levy and execution against the District's property. Further, the Bondholders cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Certain traditional legal remedies also may be unavailable. The enforceability of the rights and remedies of the Bondholders may be further limited by federal bankruptcy laws, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. See "Bankruptcy Limitation to Bondholders' Rights" below.

**Bankruptcy Limitation to Bondholders' Rights**

Other than a writ of mandamus and other relief authorized by law, the Bond Order does not expressly provide a specific remedy for a default. Even if a Bondholder could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a Bondholder could petition for a writ of mandamus issued by a court of competent jurisdiction requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. See "RISK FACTORS – Bondholders' Remedies," and "RISK FACTORS – Bankruptcy Limitation to Bondholders' Rights."

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**Use and Distribution of Bond Proceeds**

A portion of the proceeds from the sale of the Bonds will be used to reimburse the Developers for the construction costs set out below. In addition, a portion of the proceeds from the Bonds will be used to pay developer interest, eighteen (18) months of capitalized interest on the Bonds, and certain other costs associated with the issuance of the Bonds.

**Use and Distribution of Bond Proceeds**

| | | |
|---|---|---|
| Construction Costs | | |
| A. Developer Contribution Items | | |
| 1. | Watermark Section 1 | $ 1,072,801 |
| 2. | Watermark Section 2A | 568,074 |
| 3. | Watermark Section 2B | 278,201 |
| 4. | Engineering Fees | 180,322 |
| 5. | Materials Testing Fees | 34,930 |
| 6. | SWPPP Fees | 98,119 |
| | **Total Construction Costs** | **$ 2,230,447** |
| Non-Construction Costs | | |
| 1. | Legal Fees | $ 60,000 |
| 2. | Fiscal Agent Fees | 30,000 |
| 3. | Interest Costs | |
| | a. Developer Interest | 307,340 |
| | b. Capitalized Interest | 219,703 |
| 4. | Bond Discount | 60,000 |
| 5. | Bond Issuance Expenses | 32,964 |
| 6. | Bond Application Costs | 40,000 |
| 7. | Attorney General's Fee | 3,000 |
| 8. | Contingency | 16,547 |
| | **Total Non-Construction Costs** | **$ 769,553** |
| | **Total Bond Issue Requirement** | **$ 3,000,000** |

Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Municipal Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

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

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## THE DISTRICT

### Authority

The District is a municipal utility district created by the Creation Order, under Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District lies wholly within the corporate city limits of the City of Alvin and is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water; the provision of roads and improvements in aid thereof; and the provision of park and recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities, public roads or recreational or park facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District.

### Description

The District is approximately 286.852 acres located in the northeast portion of Brazoria County, Texas. The District is located in the southeast Houston metropolitan area, approximately 34 miles southeast of downtown Houston and approximately 4 miles south of the intersection of Texas State Highway 35 and Texas State Highway 6. Survey Description: B.B.B. & C.R.R. Co. Survey, A-159, I.&G.N.R.R. Co. Survey, A-400, William Harris 2/3 League, A-72, Hooper and Wade Section 22, A-41 & I. G.N.R.R. Co. Sec 23 Survey, A-740. The District lies wholly within the corporate city limits of the City of Alvin.

### Management of the District

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

| Name | Position | Term Expires May |
|---|---|---|
| Timothy Hogan | President | 2028 |
| Todd Hoffman | Vice President | 2030 |
| Kurt Lilley | Secretary | 2030 |
| Meagan Elledge | Asst. Secretary | 2028 |
| Heather Diaz | Director | 2028 |

### Investment Policy

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

### Consultants

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

*Bond Counsel and General Counsel*: The District has engaged Norton Rose Fulbright US LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

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

*Municipal Advisor*: Tierra Financial Advisors, LLC is engaged as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement. Tierra Financial Advisors, LLC is a wholly owned subsidiary of D.R. Horton. See "RELATIONSHIP AMONG THE PARTIES" herein.

*Tax Assessor/Collector*: The tax assessor/collector for the District is Assessments of the Southwest, Inc. (the "Tax Assessor/Collector").

*Bookkeeper*: The District's bookkeeper is Myrtle Cruz, Inc. (the "Bookkeeper").

*Auditor*: The District engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended January 31, 2026. See "APPENDIX A – Financial Statements of the District."

*Engineer*: The District's engineer is LJA Engineering and Surveying, Inc. (the "Engineer").

## DEVELOPMENT OF THE DISTRICT

### Status of Development within the District

The District is being developed as three non-contiguous communities: Watermark, Georgetown (Section 2 only), and Magnolia Trails.

Watermark is being developed by D.R. Horton-Texas. D.R. Horton-Texas is actively developing, building, and selling homes in the Watermark development. Watermark includes 223 single-family residential lots on approximately 103.6 acres. As of May 1, 2026, Watermark consisted of 162 completed homes, 10 homes under construction (10 contracted for sale), and 51 vacant developed lots.

In addition to the development described above, D.R. Horton-Texas has constructed a pavilion with a playground and open spaces on approximately 0.9 acres in Watermark. Watermark includes approximately 0 developable acres that have not been provided with water distribution, sanitary sewer and storm drainage facilities. The remainder of Watermark is comprised of approximately 103.6 acres of street right-of-way, easements, drainage, floodway, open spaces and utility sites, including the 0.9 acres devoted to the recreation center.

Georgetown Section 2 is approximately 42.6 acres and will be developed by D.R. Horton-Texas. Development has not yet begun for Georgetown Section 2. There are 71 planned lots for Section 2 and D.R. Horton-Texas anticipates building and pricing homes substantially similar to those completed in Watermark.

Magnolia Trails is approximately 140.70 acres within the District and 0.41 acres outside the District and is being developed by Sullivan Brothers. There are 361 planned lots and as of June 1, 2026, Sullivan Brothers is commencing grading work in the Magnolia Trails development. Delivery of lots in the Magnolia Trails development is expected to begin in August 2026.

### Homebuilders within the District

As of May 1, 2026, the only homes completed or under construction are in Watermark. D.R. Horton-Texas is building the single-family homes in the Watermark development. Homes in Watermark range in price from approximately $294,900 to $364,900, and home sizes range from approximately 1,412 to 2,649 square feet.

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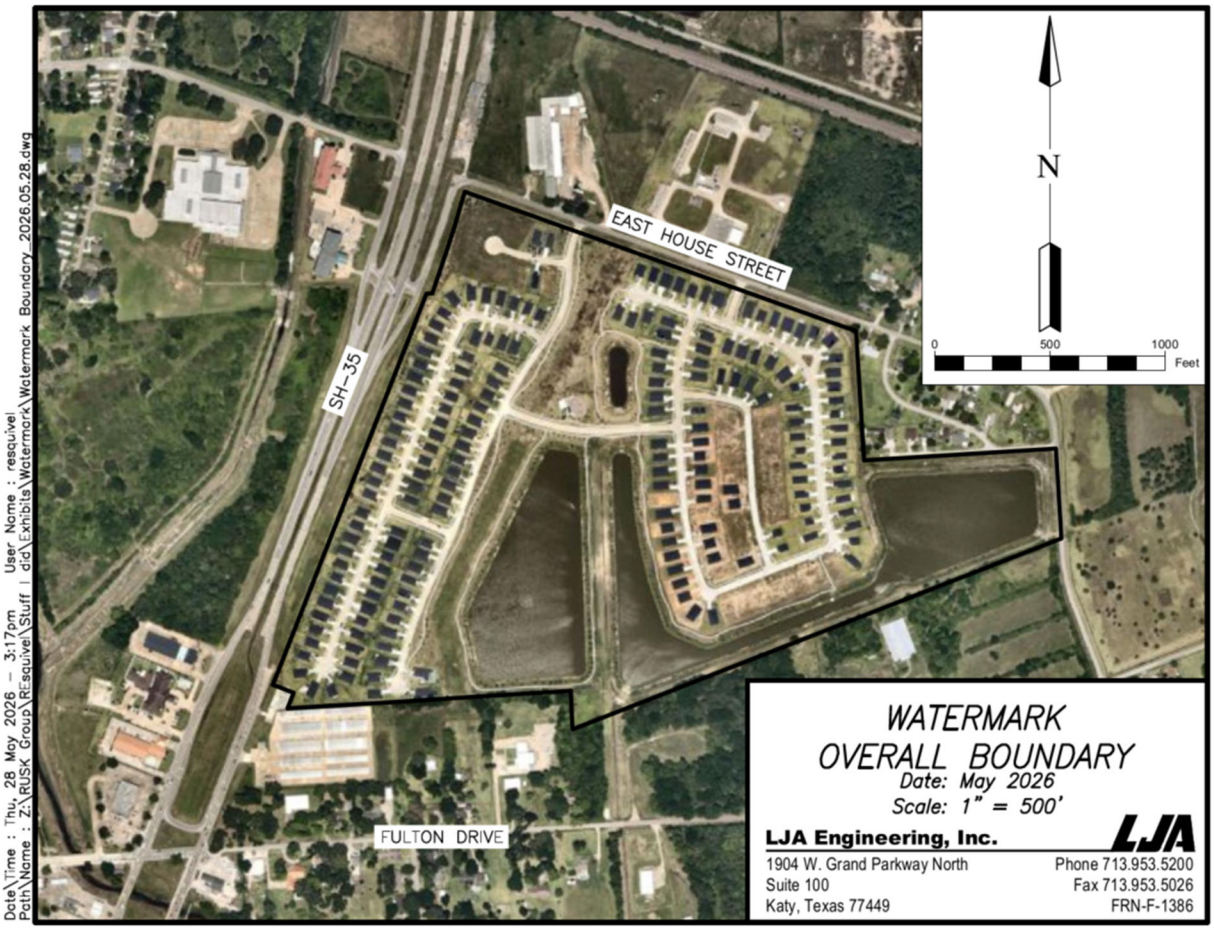
**PHOTOGRAPHS OF THE DISTRICT**
**WATERMARK – MAY 2026**

**PHOTOGRAPHS OF THE DISTRICT**
**WATERMARK – MAY 2026**

**PHOTOGRAPHS OF THE DISTRICT**
**WATERMARK – MAY 2026**

## AERIAL MAPS OF THE DISTRICT - WATERMARK

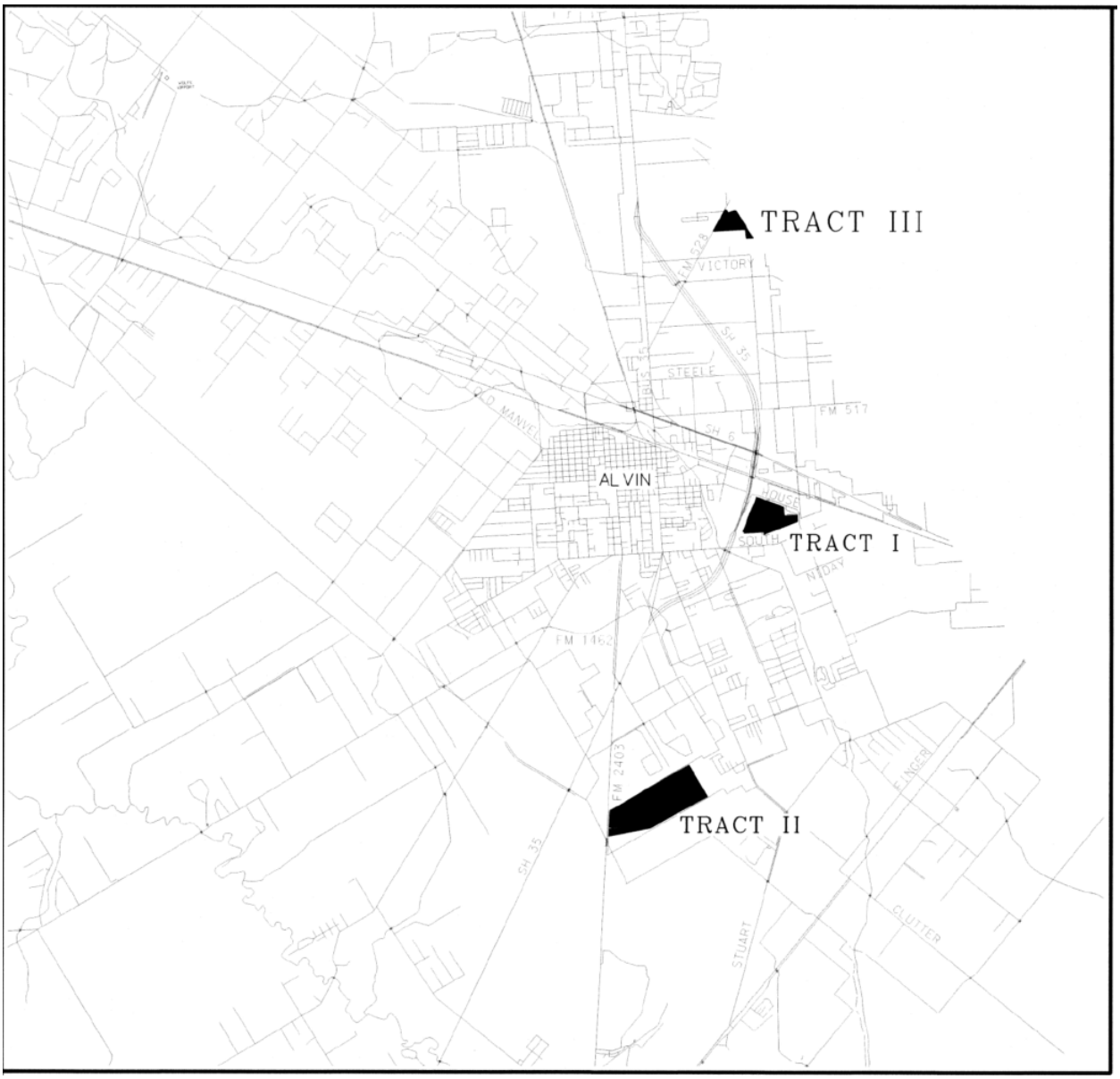


**AERIAL MAPS OF THE DISTRICT**

Tract I – Watermark

Tract II – Magnolia Trails

Tract III – Georgetown Section 2



## PRINCIPAL LANDOWNERS/DEVELOPERS

### Role of the Developers

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

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

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

### The Developers and Principal Landowners

D.R. Horton-Texas is a subsidiary of and controlled by D.R. Horton, which is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker symbol "DHI." D.R. Horton has been the largest homebuilder by volume in the United States since 2002. Founded in 1978 in Fort Worth, Texas, D.R. Horton has operations in 126 markets in thirty-six (36) states across the United States. For the trailing twelve months ended March 31, 2026, D.R. Horton's homebuilding operations closed 83,832 homes. Consolidated revenues for the same twelve-month period exceeded $33.3 billion. Audited financial statements for D.R. Horton can be found online at https://investor.drhorton.com. D.R. Horton, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by D.R. Horton can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning D.R. Horton-Texas is included as part of the consolidated financial statements of D.R. Horton. However, D.R. Horton is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by D.R. Horton-Texas, or to pay any other obligations of the District.

Sullivan Brothers Builders, Ltd. is a privately owned homebuilder that has developed communities and built homes throughout the Greater Houston area since 2003. Sullivan Brothers Builders is part of the Sullivan Brothers Family of Companies (SBFC). The Sullivan Brothers Family of Companies (SBFC) delivers a wide range of environmental

remediation, disaster recovery, health, construction, infrastructure, and industrial services to North America and beyond.

Further, neither the Developers nor their respective parent companies are responsible for, are liable for or have made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developers nor their respective parent companies have any legal commitment to the District or owners of the Bonds to continue development of the land within the District and the Developers may sell or otherwise dispose of their property within the District, or any other assets, at any time. Further, the financial condition of the Developers and their respective parent companies are subject to change at any time. Because of the foregoing, financial information concerning the Developers and their respective parent companies will neither be updated nor provided following issuance of the Bonds.

## THE UTILITY SYSTEM

### Regulation

According to the District's Engineer, the Utility System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Alvin, Brazoria County, and Brazoria County Conservation & Reclamation District No. 3.

The District is comprised of three noncontiguous tracts with an approximate total acreage of 286.852 acres located in the northeast portion of Brazoria County, Texas. Magnolia Trails (140.702 AC) is in the beginning stages of construction and no construction activities have commenced for Georgetown Section 2 (42.648 AC) at this time. The Watermark development, approximately 103.502 acres is located in the southeast Houston metropolitan area, approximately 34 miles southeast of downtown Houston and approximately 4 miles south of the intersection of Texas State Highway 35 and Texas State Highway 6 Survey Description: B.B.B. & C.R.R. Co. Survey, A-159, I.&G.N.R.R. Co. Survey, A-400, William Harris 2/3 League, A-72, Hooper and Wade Section 22, A-41 & I. G.N.R.R. Co. Sec 23 Survey, A-740. The Magnolia Trails development is located approximately a mile south of the intersection of Texas State Highway 35 and FM 2403. The Georgetown development is located approximately a mile northwest of the intersection of Texas State Highway 35 and Friendswood Road. The District lies wholly within the corporate city limits of the City of Alvin.

Operation of the Utility System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 286.852 acres is approximately 223 with a total estimated ESFC of 657. The following descriptions are based upon information supplied by the District's Engineer.

### Utility Agreement

Watermark:

Pursuant to a Water and Wastewater Facilities Agreement, which was assigned to the District on August 5, 2021 (the "Utility Agreement"), retail water supply and wastewater services are provided to the District by the City, and water and wastewater are billed and collected directly from customers.

Magnolia Trails:

Pursuant to a Water and Wastewater Facilities Agreement, which was assigned to the District on August 5, 2021 and amended on March 16th, 2023 (the "Utility Agreement"), the City provides retail water supply and wastewater services to the District, and bills and collects for water and wastewater directly from customers.

Georgetown:

Pursuant to a Water and Wastewater Facilities Agreement, which was assigned to the District on August 5, 2021 and amended on January 27, 2022 (the "Utility Agreement"), the City provides retail water supply and wastewater services to the District, and bills and collects for water and wastewater directly from customers.

**Water Supply**

Water supply and distribution is outlined in the Utility Agreement. The City shall provide the District with its ultimate requirements for water supply and water distribution line capacities in order to serve customers within the District's boundaries, and same shall be provided to the point of connection of water.

Water supply is through connections to the City's water line along E. House Street for the Watermark Tract. Future water supply shall be through connections to the City's water line along Mustang Road for Magnolia Trails and along Georgetown Boulevard for Georgetown.

**Wastewater Treatment**

Wastewater treatment capacity and conveyance are outlined in the Utility Agreement. The City shall provide the District with its ultimate requirements for wastewater treatment and wastewater trunk line collection line capacities in order to serve customers within the District's boundaries, and same shall be provided to the point of connection of wastewater.

Wastewater connections were made to the City's sanitary sewer along SH-35 for the Watermark Tract. Future wastewater connections shall be through sanitary sewer along Somerset Drive for Magnolia Trails and along Georgetown Boulevard for Georgetown.

**Storm Water Drainage**

Watermark:

*Natural Drainage*: In undeveloped state, the land in the District sheet flows to the south middle portion of the tract towards Mustang Bayou. Detention ponds were constructed within the District to provide a point of outfall for internal storm sewers. The detention ponds ultimately outfall into the Mustang Bayou. Mustang Bayou outfalls into Chocolate Bay.

*Drainage System Improvements*: Detention ponds were constructed to collect storm water runoff from the residential sections. The detention ponds outfall into a creek that then outfalls into Mustang Bayou and ultimately into Chocolate Bay.

Magnolia Trails:

*Natural Drainage*: In its undeveloped state, the land in the Magnolia Trails Development sheet flows northeast toward the Brazoria County Drainage District #3 M1 ditch system. The onsite mitigation ponds outfall to the M1 ditch system. The Magnolia Trails development purchased regional detention located adjacent to the site and the M1 ditch. The regional detention pond will be managed by Brazoria County Drainage District #3. The mitigation ponds were constructed within the District to provide an outfall point for internal storm sewers. The M1 drainage ditch ultimately outfalls into the Mustang Bayou. Mustang Bayou outfalls into Chocolate Bay.

*Drainage System Improvements*: Mitigation ponds were constructed to collect storm water runoff from the residential sections. The mitigation ponds outfall into the M1 ditch, which then flows into Mustang Bayou and ultimately into Chocolate Bay.

Georgetown:

*Natural Drainage*: In undeveloped state, the land in the Georgetown Development sheet flows to the east of the tract towards Dickenson Bayou. Drainage systems will be constructed in the District and detention ponds will be constructed within the portion of the Georgetown Development within the City of Friendswood to provide a point of outfall for internal storm sewers. The detention ponds ultimately outfall into the Dickenson Bayou.

*Drainage System Improvements*: Detention ponds will be constructed to collect storm water runoff from the residential sections. The detention ponds outfall into Dickenson Bayou.

**Groundwater Conservation District**

The District lies within the Brazoria County Groundwater Conservation District.

**100-Year Flood Plain**

The District is part of the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) Panels 48039C0165K, 48039C0305K, 48039C0285K, and 48039C0155K

For Watermark specifically the floodplain previously shown on the panel has been mitigated with on-site fill excavated from the detention ponds to raise the property. A LOMR-F was submitted and approved through FEMA. The revised map shows no floodplain within the district.

## THE ROAD SYSTEM

The road system for the Watermark development currently includes two collector streets named Marina Bay Drive and Blue Marlin Drive. Marina Bay Drive connects north to E House Street and also connects with Blue Marlin Drive to the east providing access to the eastern part of the development.

Internal circulation within the different subdivisions is provided by the local streets connecting to Marina Bay Drive and Blue Marlin Drive.

All streets throughout the District have been designed and constructed according to the design criteria and specifications established by the City of Alvin and Brazoria County. Streets have been constructed with reinforced concrete pavement with curbs on lime stabilized subgrade. All roads are maintained by the City upon acceptance into its maintenance program.

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## GENERAL FUND OPERATING STATEMENT

The following is a summary of the District's general fund activity through April 30, 2026. Fiscal year January 31, 2026 are audited financials. The period from February 1, 2026 through April 30, 2026 has been prepared by the Bookkeeper. Reference is made to such statements for further and more complete information. See "APPENDIX A – Financial Statements of the District."

**General Fund Revenues, Expenditures and Changes in Fund Balance for Fiscal Year or Period Ending**

| | 2/1/2026-4/30/2026[a] | Fiscal Year 2026 |
|---|---|---|
| **Revenues:** | | |
| Property Taxes | $20,000 | $318,501 |
| Penalty and Interest | - | 1,991 |
| Investment Revenues | - | 327 |
| TOTAL REVENUES | $20,000 | $320,189 |
| | | |
| **Expenditures:** | | |
| Service Operations | | |
| Professional fees | $3,937 | $98,504 |
| Contracted services | 3,288 | 19,053 |
| Amortization | - | - |
| Administrative and Other | 21,165 | 14,270 |
| TOTAL EXPENDITURES | $28,390 | $131,827 |
| | | |
| Net Change in Fund Balance | ($8,390) | $188,992 |
| | | |
| Beginning Fund Balance[b] | $299,636 | $110,644 |
| | | |
| Ending Fund Balance[b] | $291,246 | $299,636 |

[a] Unaudited. Provided by the District's bookkeeper.
[b] Fund Balances reflect accrual accounting while District Debt table fund amounts reflect cash basis accounting.

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## DISTRICT DEBT

| | | |
|---|---|---|
| 2025 Certified Assessed Valuation | $ | 36,802,856[a] |
| Estimated Assessed Valuation as of April 1, 2026 | $ | 56,571,120[b] |
| Direct Debt: | | |
| The Bonds | $ | 3,000,000 |
| Total | $ | 3,000,000 |
| Estimated Overlapping Debt | $ | 3,304,705[c] |
| Total Direct and Estimated Overlapping Debt | $ | 6,304,705[c] |
| Direct Debt Ratio: | | |
| As a percentage of 2025 Certified Assessed Valuation | | 8.15% |
| As a percentage of Estimated Assessed Valuation as of April 1, 2026 | | 5.30% |
| Direct and Estimated Overlapping Debt Ratio: | | |
| As a percentage of 2025 Certified Assessed Valuation | | 17.13% |
| As a percentage of Estimated Assessed Valuation as of April 1, 2026 | | 11.14% |
| Road System Debt Service Fund[d] (as of May 18, 2026) | $ | - |
| Road System Capital Projects Fund (as of May 18, 2026) | $ | - |
| Operating Fund (as of May 18, 2026) | $ | 200,218 |
| 2025 Tax Rate: | | |
| Utility System Debt Service | $ | - |
| Road System Debt Service | $ | - |
| Maintenance & Operations | $ | 0.85 |
| Total[e] | $ | 0.85 |
| Average Annual Debt Service Requirements on the Bonds (2026 – 2051) | $ | 208,381[f] |
| Maximum Annual Debt Service Requirements on the Bonds (2051) | $ | 219,713[f] |
| Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on the Bonds (2026 - 2051): | | |
| Based on 2025 Certified Assessed Valuation at 95% Collections | $ | 0.60 |
| Based on Estimated Assessed Valuation as of April 1, 2026 at 95% Collections | $ | 0.39 |
| Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds (2051): | | |
| Based on 2025 Certified Assessed Valuation at 95% Collections | $ | 0.63 |
| Based on Estimated Assessed Valuation as of April 1, 2026 at 95% Collections | $ | 0.41 |

(d) Represents the assessed valuation of all taxable property in the District as of January 1, 2025, provided by the Brazoria County Appraisal District (the "Appraisal District''). See ''TAX DATA'' and ''TAXING PROCEDURES.''

(e) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the taxable value of all taxable property located within the District as of April 1, 2026 and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2025 to April 1, 2026. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."

(f) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. The funds in the Road System Debt Service Fund are pledged only to pay the debt service on the Bonds and any other bonds issued for the purpose of designing, acquiring, constructing, financing, improving, operating, and maintaining the Road System. The funds in the Road System Debt Service Fund are not pledged to pay debt service on bonds issued for the Utility System or any other purpose. Upon the issuance of the Bonds, eighteen (18) months of capitalized interest will be deposited into the Road System Debt Service Fund.

(e) See "TAX DATA – Tax Rate Calculations."

(f) See "DISTRICT DEBT – Combined Debt Service Requirement Schedule."

**Combined Debt Service Requirement Schedule**

The following schedule sets forth the estimated principal and interest requirements on the Bonds.

| Year Ending 12/31 | The Bonds[(a)] Principal | Interest | Debt Service | Total Debt Service |
|---|---|---|---|---|
| 2026 | $ - | $ - | $ - | $ - |
| 2027 | - | 151,351 | 151,351 | 151,351 |
| 2028 | 65,000 | 146,469 | 211,469 | 211,469 |
| 2029 | 70,000 | 142,163 | 212,163 | 212,163 |
| 2030 | 70,000 | 137,525 | 207,525 | 207,525 |
| 2031 | 75,000 | 132,888 | 207,888 | 207,888 |
| 2032 | 80,000 | 127,919 | 207,919 | 207,919 |
| 2033 | 85,000 | 122,619 | 207,619 | 207,619 |
| 2034 | 90,000 | 116,988 | 206,988 | 206,988 |
| 2035 | 95,000 | 111,025 | 206,025 | 206,025 |
| 2036 | 100,000 | 104,731 | 204,731 | 204,731 |
| 2037 | 105,000 | 100,481 | 205,481 | 205,481 |
| 2038 | 110,000 | 96,150 | 206,150 | 206,150 |
| 2039 | 115,000 | 91,613 | 206,613 | 206,613 |
| 2040 | 120,000 | 86,869 | 206,869 | 206,869 |
| 2041 | 125,000 | 81,919 | 206,919 | 206,919 |
| 2042 | 135,000 | 76,763 | 211,763 | 211,763 |
| 2043 | 140,000 | 71,025 | 211,025 | 211,025 |
| 2044 | 150,000 | 64,900 | 214,900 | 214,900 |
| 2045 | 155,000 | 58,338 | 213,338 | 213,338 |
| 2046 | 165,000 | 51,363 | 216,363 | 216,363 |
| 2047 | 170,000 | 43,938 | 213,938 | 213,938 |
| 2048 | 180,000 | 36,075 | 216,075 | 216,075 |
| 2049 | 190,000 | 27,750 | 217,750 | 217,750 |
| 2050 | 200,000 | 18,963 | 218,963 | 218,963 |
| 2051 | 210,000 | 9,713 | 219,713 | 219,713 |
| Total | $ 3,000,000 | $ 2,209,532 | $ 5,209,532 | $ 5,209,532 |

[(a)] The District has not previously issued debt.

| | |
|---|---|
| Average Annual Debt Service Requirements on the Bonds (2026 - 2051) | $ 208,381 |
| Maximum Annual Debt Service Requirements on the Bonds (2051) | $ 219,713 |

(*Remainder of this page intentionally left blank.*)

**Direct and Estimated Overlapping Debt Statement**

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

**Brazoria County**

| | Outstanding Debt | Overlapping | |
|---|---|---|---|
| Taxing Jurisdiction | May 1, 2026[(b)] | Percent | Amount |
| Alvin Independent School District | $ 1,002,700,000 | 0.24% | $ 2,419,446 |
| Brazoria County | 100,855,000 | 0.06% | 61,288 |
| City of Alvin | 52,800,000 | 1.42% | 747,411 |
| Alvin Community College | 46,170,000 | 0.17% | 76,560 |
| Total Estimated Overlapping Debt | | | $ 3,304,705 |
| District Debt[(a)] | | | $ 3,000,000 |
| Total Direct & Estimated Overlapping Debt[(a)] | | | $ 6,304,705 |

[(a)] Includes the Bonds.
[(b)] Source: Texas MAC.

**Debt Ratios**

| | |
|---|---|
| Ratio of Combined Direct Debt: | |
| As a Percentage of 2025 Certified Assessed Valuation | 8.15% |
| As a percentage of Estimated Assessed Valuation as of April 1, 2026 | 5.30% |
| Ratio of Direct and Estimated Overlapping Debt: | |
| As a Percentage of 2025 Certified Assessed Valuation | 17.13% |
| As a percentage of Estimated Assessed Valuation as of April 1, 2026 | 11.14% |

(*Remainder of this page intentionally left blank.*)

## TAXING PROCEDURES

### Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations. See "TAX DATA – Tax Rate Limitation."

### Property Tax Code and County-Wide Appraisal District

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

The Property Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility of appraising property for all taxing units within Brazoria County, including the District. Such appraisal values will be subject to review and change by the Brazoria County Appraisal Review Board (the "Appraisal Review Board"). The appraisal rolls, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

### Property Subject to Taxation by the District

***General:*** Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of one hundred percent (100%) is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action 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 is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

***Residential Homestead Exemptions***: The Property Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. As of the date hereof, the District has not adopted any general residential homestead exemption or residential homestead exemptions for persons 65 years or older and certain disabled from ad valorem taxation.

***Freeport Goods and Goods-in-Transit Exemption*:** Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2016 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. For tax year 2016 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more 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. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

**Tax Abatement**

The City of Alvin, Texas, and Brazoria County, Texas, as appropriate, under Chapter 312, Texas Tax Code may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City of Alvin, Texas, and Brazoria County, Texas may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

At this time, neither the City of Alvin, Texas, nor Brazoria County, Texas, has designated any of the area within the District as a reinvestment zone.

**Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property.

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

The Property 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 years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

Unless extended by the Legislature, through December 31, 2026 an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5.32 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

**District and Taxpayer Remedies**

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of 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 comply with the Property Tax Code.

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

**Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional twenty percent (20%) penalty for collection costs. A delinquent tax on personal property incurs an additional twenty percent (20%) penalty, 60 days after the date the taxes become delinquent (April 1). For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

**Rollback of Operation and Maintenance Tax Rate**

Chapter 49 of the Texas Water Code 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 "Low Tax Rates Districts." 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 are classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations is described for each classification below. Debt service cannot be reduced by a rollback election held within any of the districts described below.

*Low Tax Rate Districts*

Low Tax Rate Districts 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 Low Tax Rate District is the current year's debt service and contract tax rate plus 1.08 times the previous year's maintenance and operations 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's maintenance and operations tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or the President, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the maintenance and operations tax threshold applicable to Low Tax Rate Districts.

*Developing Districts*

Districts that do not meet the classification of a Low Tax Rate District 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 maintenance and operations tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's maintenance and operations tax rate.

*The District*

For the 2026 tax year, the Board designated the District as a Developing District. For future years, a determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

**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 each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; 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. 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 proceeding which restrict the collection of taxpayer debts. See "RISK FACTORS – Tax Collection and Foreclosure Proceedings" and "– Bondholders' Remedies."

The ability of the District to collect delinquent taxes by foreclosure may be adversely affected by the amount of taxes owed to other taxing units, the foreclosure sale price attributable to market conditions, the taxpayer's right to redeem the property within six (6) months of foreclosure (two (2) years in the case of residential or agricultural property), or by bankruptcy proceedings which restrain the collection of a taxpayer's debts or modify such debts. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

## TAX DATA

**General**

Taxable property within the District is subject to the assessment, levy and collection by the District of two annual ad valorem taxes, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. In 2025, the District levied a maintenance tax of $0.85. This is the District's first issuance of bonds, so no debt service taxes have been previously levied.

**Tax Rate Limitations**

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

**Debt Service Taxes**

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. As this is the District's first issuance of bonds, no debt service tax has been previously levied.

**Maintenance Taxes**

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. In 2025, the District levied a maintenance tax of $0.85 per $100 of assessed valuation.

**Tax Exemption**

The District has not adopted any general residential homestead exemption or any over-65 years old or disabled-person exemption from ad valorem taxation, as authorized by Section 11.13 of the Property Tax Code.

**Additional Penalties**

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

**Historical Tax Collections**

The following table illustrates the collection history of the District for the 2022 through 2025 tax years.

| Tax Year | Assessed Valuation | Tax Rate/ $100 | Adjusted Levy | Collections | % Collected Current Year | Tax Year Ending 9/30 | % Collected as of 9/30 |
|---|---|---|---|---|---|---|---|
| 2022 | $2,474,680 | $1.00 | $24,747 | $24,747 | 100.00% | 2023 | 100.00% |
| 2023 | $2,517,190 | $0.85 | $21,396 | $21,396 | 100.00% | 2024 | 100.00% |
| 2024 | $18,525,360 | $0.85 | $157,466 | $154,206 | 97.93% | 2025 | 97.93% |
| 2025 | $36,802,856 | $0.85 | $312,824 | $301,406 | 96.35% | 2026 | 96.35% |

**Tax Rate Distribution**

The following table sets out the components of the District's tax levy for the 2022 through 2025 tax years.

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Utility System Debt Service | $ - | $ - | $ - | $ - |
| Road System Debt Service | - | - | - | - |
| Maintenance & Operations | 0.85 | 0.85 | 0.85 | 1.00 |
| Total | $ 0.85 | $ 0.85 | $ 0.85 | $ 1.00 |

(*Remainder of this page intentionally left blank.*)

**Analysis of Tax Base**

The following represents the types of property comprising the District assessed taxable value for the 2022 through 2025 tax years.

| Type of Property | 2025 Assessed Valuation | 2024 Assessed Valuation | 2023 Assessed Valuation | 2022 Assessed Valuation |
|---|---|---|---|---|
| Land | $ 10,500,460 | $ 12,114,410 | $ 2,526,090 | $ 2,483,580 |
| Improvements | 27,082,120 | 9,360,480 | - | - |
| Personal Property | 1,897,430 | 51,730 | - | - |
| Exemptions | (2,677,154) | (3,001,260) | (8,900) | (8,900) |
| Total | $ 36,802,856 | $ 18,525,360 | $ 2,517,190 | $ 2,474,680 |

**Principal Taxpayers**

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2025.

| Taxpayer | Type of Property | Assessed Valuation 2025 Tax Roll | Percent of District 2025 Value |
|---|---|---|---|
| DR Horton-Texas[a] | Vacant / Inventory | $ 2,711,418 | 7.37% |
| Sullivan Brothers[a] | Vacant | 1,033,590 | 2.81% |
| Individual | Single-Family | 371,720 | 1.01% |
| Individual | Single-Family | 367,580 | 1.00% |
| Individual | Single-Family | 356,040 | 0.97% |
| Individual | Single-Family | 338,000 | 0.92% |
| Individual | Single-Family | 337,860 | 0.92% |
| Individual | Single-Family | 334,830 | 0.91% |
| Individual | Single-Family | 334,670 | 0.91% |
| Individual | Single-Family | 334,670 | 0.91% |
| **Total** | | **$ 6,520,378** | 17.72% |

[a] See "PRINCIPAL LANDOWNERS/DEVELOPERS"

**Tax Rate Calculations**

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements on the Bonds if no growth in the District's tax base occurs beyond the 2025 Certified Assessed Valuation ($36,802,856) or the Estimated Assessed Valuation as of April 1, 2026 ($56,571,120). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds.

| | |
|---|---|
| Combined Estimated Average Annual Debt Service Requirements (2026 - 2051) | $208,381 |
| Tax Rate of $0.60 on the 2025 Certified Assessed Valuation produces | $209,776 |
| Tax Rate of $0.39 on the Estimated Assessed Valuation as of April 1, 2026 produces | $209,596 |
| | |
| Combined Estimated Maximum Annual Debt Service Requirements (2051) | $219,713 |
| Tax Rate of $0.63 on the 2025 Certified Assessed Valuation produces | $220,265 |
| Tax Rate of $0.41 on the Estimated Assessed Valuation as of April 1, 2026 produces | $220,345 |

**Estimated Overlapping Taxes**

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, ad valorem taxes levied by each taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the

District and of such other jurisdictions (see "DISTRICT DEBT –Direct and Estimated Overlapping Debt Statement"), 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 is a compilation of all 2025 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

| Taxing Jurisdiction | | 2025 Tax Rate Per $100 of Assessed Value |
|---|---|---|
| The District | $ | 0.850000 |
| Alvin ISD | | 1.150000 |
| City of Alvin | | 0.685000 |
| Brazoria County | | 0.262548 |
| Alvin Community College | | 0.156543 |
| Brazoria County Conservation and Reclamation District # 3 | | 0.150000 |
| Road and Bridge Fund | | 0.042210 |
| **Total Tax Rate for the District** | **$** | **3.296301** |

## LEGAL MATTERS

### Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel.

### No-Litigation Certificate

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

## TAX MATTERS

### Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate dated the Date of Delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

**Tax Accounting Treatment of Discount and Premium on Certain Bonds**

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds is not equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, 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 would constitute original issue discount. 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, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

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

**Qualified Tax-Exempt Obligations**

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and has certified its expectation that the above-described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Bonds will not be subject to the 100% disallowance of interest expense allocable to interest on the Bonds under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Bonds will be reduced by 20% pursuant to section 291 of the Code.

## CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has 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, audited financial statements and timely notice of specified material events, in an electronic format as prescribed by the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system for such purpose.

### Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DISTRICT DEBT" (excluding the information contained under the subheading "Direct and Estimated Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending on and after January 31, 2027.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available. The District's current fiscal year end is January 31. Accordingly, it must provide updated information by the last day in September in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

The Developers consist of D.R. Horton-Texas (a subsidiary of D.R. Horton) and Sullivan Brothers. D.R. Horton is a publicly traded corporation whose stock is listed on the New York Stock Exchange. Audited financial statements for D.R. Horton can be found online at https://investor.drhorton.com. D.R. Horton is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by D.R. Horton, Inc. can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC. Certain financial information concerning D.R. Horton-Texas is included as part of the consolidated financial statements of D.R. Horton, Inc. No additional disclosure will be provided by the District related to D.R. Horton-Texas since the information is publicly available through the SEC.

Sullivan Brothers Builders, Ltd. is a privately owned homebuilder that has developed communities and built homes throughout the Greater Houston area since 2003. Sullivan Brothers Builders is part of the Sullivan Brothers Family of Companies (SBFC). The Sullivan Brothers Family of Companies (SBFC) delivers a wide range of environmental remediation, disaster recovery, health, construction, infrastructure, and industrial services to North America and beyond.

### 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 days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if

material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "material" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

**Availability of Information from EMMA**

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

**Limitations and Amendments**

The District has agreed to update information and to provide notices of certain 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 of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to 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 (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. 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. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such SEC Rule 15c2-12 are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

**Compliance with Prior Undertaking**

The District has not previously entered into a continuing disclosure agreement under SEC Rule 15c2-12 because the Bonds constitute the District's first issuance of bonds.

## OFFICIAL STATEMENT

**General**

The information contained in this Official Statement has been obtained primarily from the Developers, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included 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.

**Experts**

The information contained in this Official Statement relating to engineering and to the description of "THE UTILITY SYSTEM," "THE ROAD SYSTEM," "THE DISTRICT – Description," and "DEVELOPMENT OF THE DISTRICT – Status of Development within the District," has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

The information contained in this Official Statement relating to development of the District and, in particular, that development information included in the sections captioned "DEVELOPMENT OF THE DISTRICT – Status of Development within the District" and "PRINCIPAL LANDOWNERS/DEVELOPERS" has been provided by the Developers.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

**Municipal Advisor**

Tierra Financial Advisors, LLC, is employed as the Municipal Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Municipal Advisor, Tierra Financial Advisors, LLC has compiled and edited this Official Statement. The Municipal 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 Municipal Advisor does not guarantee the accuracy or completeness of such information. Tierra Financial Advisors, LLC, is a wholly owned subsidiary of D.R. Horton, one of the developers of land in the District and a principal taxpayer. See "RELATIONSHIP AMONG THE PARTIES" herein.

**Certification as to Official Statement**

The District, acting by and through its Board 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 light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

**Updating of Official Statement**

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any

adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

## CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements, and other sources that are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 81 as of the date shown on the cover page hereof.

/s/ Timothy Hogan
President, Board of Directors
Brazoria County Municipal Utility District No. 81

ATTEST:
/s/ Kurt Lilley
Secretary, Board of Directors
Brazoria County Municipal Utility District No. 81

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81

**BRAZORIA COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JANUARY 31, 2026**

**McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC**
Certified Public Accountants

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# *McCall Gibson Swedlund Barfoot Ellis PLLC*

*Certified Public Accountants*

*Chris Swedlund*
*Noel W. Barfoot*
*Joseph Ellis*
*Ashlee Martin*

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


## INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brazoria County Municipal Utility District No. 81
Brazoria County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of Brazoria County Municipal Utility District No. 81 (the "District") as of and for the year ended January 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of January 31, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

**Required Supplementary Information**

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

Board of Directors
Brazoria County Municipal Utility District No. 81

**Supplementary Information**

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

May 18, 2026

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED JANUARY 31, 2026

Management's discussion and analysis of the financial performance of Brazoria County Municipal Utility District No. 81 (the "District") provides an overview of the District's financial activities for the fiscal year ended January 31, 2026. Please read it in conjunction with the District's financial statements.

## USING THIS ANNUAL REPORT

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

## FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for property tax revenues, developer advances, professional fees, administrative costs and any other lawfully authorized expenditures of the District.

## FUND FINANCIAL STATEMENTS (Continued)

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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

## OTHER INFORMATION

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

## GOVERNMENT-WIDE ANALYSIS

Net Position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by $845,333 as of January 31, 2026.

This is the District's first audit. In future years a comparative analysis of government-wide changes in net position will be presented.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the Statement of Net Position as of January 31, 2026.

| | Summary of the Statement of Net Position |
|---|---|
| | 2026 |
| Cash and Other Assets | $ 357,995 |
| Intangible Right-to-Use Capital Assets | 13,365,392 |
| Total Assets | $ 13,723,387 |
| Due to Developers | $ 14,510,361 |
| Other Liabilities | 16,264 |
| Total Liabilities | $ 14,526,625 |
| Deferred Inflows of Resources | $ 42,095 |
| Net Position | |
| Net Investment in Capital Assets | $ (771,428) |
| Unrestricted | (73,905) |
| Total Net Position | $ (845,333) |

The following table provides a summary of the District's financial activities for the fiscal year ending January 31, 2026, which is the initial audit period for the District.

| | Summary of the Statement of Activities |
|---|---|
| | 2026 |
| Revenues: | |
| Property Taxes | $ 318,501 |
| Other Revenues | 2,318 |
| Total Revenues | $ 320,819 |
| Total Expenses | 903,255 |
| Change in Net Position | $ (582,436) |
| Net Position, Beginning of Year | (262,897) |
| Net Position, End of Year | $ (845,333) |

## FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The General Fund fund balance increased by $188,992, primarily due to property taxes exceeding operating and administrative expenditures during the current fiscal year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were more than budgeted revenues by $150,273 and actual expenditures were less than budgeted expenditures by $34,362 which resulted in a positive budget to actual variance of $184,635. See the budget to actual comparison for more information.

## INTANGIBLE RIGHT-TO-USE CAPITAL ASSETS

Utilities and road infrastructure constructed within the District by the developers are conveyed to the City of Alvin, Texas for operations and maintenance for the benefit of District residents. These costs are recorded as intangible right-to-use capital assets in the District's financial statements. The following schedule summarizes the District's infrastructure:

Intangible Right-to-Use Capital Assets At Year-End

| | 2026 |
|---|---|
| Intangible Right-to-Use Capital Assets: | |
| Water Infrastructure | $ 1,418,119 |
| Sewer Infrastructure | 1,895,531 |
| Drainage Facilities | 6,946,554 |
| Roads | 3,876,616 |
| Less Accumulated Amortization | (771,428) |
| Total Net Capital Assets | $ 13,365,392 |

## CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brazoria County Municipal Utility District No. 81, c/o Norton Rose Fulbright US LLP, 1550 Lamar Street, Suite 2000, Houston, Texas 77010

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## STATEMENT OF NET POSITION AND
## GOVERNMENTAL FUND BALANCE SHEET
## JANUARY 31, 2026

| | General Fund | Adjustments | Statement of Net Position |
|---|---|---|---|
| **ASSETS** | | | |
| Cash | $ 315,900 | $ | $ 315,900 |
| Property Taxes Receivable | 42,095 | | 42,095 |
| Intangible Right-to-Use Capital Assets, Net | | 13,365,392 | 13,365,392 |
| **TOTAL ASSETS** | $ 357,995 | $ 13,365,392 | $ 13,723,387 |
| **LIABILITIES** | | | |
| Accounts Payable | $ 16,264 | $ | $ 16,264 |
| Due to Developers | | 14,510,361 | 14,510,361 |
| **TOTAL LIABILITIES** | $ 16,264 | $ 14,510,361 | $ 14,526,625 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Property Taxes | $ 42,095 | $ -0- | $ 42,095 |
| **FUND BALANCE** | | | |
| Unassigned | $ 299,636 | $ (299,636) | $ - 0 - |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE** | $ 357,995 | | |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | | $ (771,428) | $ (771,428) |
| Unrestricted | | (73,905) | (73,905) |
| **TOTAL NET POSITION** | | $ (845,333) | $ (845,333) |

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

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
## JANUARY 31, 2026

| | |
|---|---|
| Total Fund Balance - Governmental Fund | $ 299,636 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. | 13,365,392 |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of: | |
| Due to Developers | (14,510,361) |
| Total Net Position - Governmental Activities | $ (845,333) |

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

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
## FOR THE YEAR ENDED JANUARY 31, 2026

| | General Fund | Adjustments | Statement of Activities |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 318,501 | $ | $ 318,501 |
| Penalty and Interest | 1,991 | | 1,991 |
| Investment Revenues | 327 | | 327 |
| **TOTAL REVENUES** | $ 320,819 | $ - 0 - | $ 320,819 |
| **EXPENDITURES/EXPENSES** | | | |
| Service Operations: | | | |
| Professional Fees | $ 98,504 | $ | $ 98,504 |
| Contracted Services | 19,053 | | 19,053 |
| Amortization | | 771,428 | 771,428 |
| Administrative and Other | 14,270 | | 14,270 |
| **TOTAL EXPENDITURES/EXPENSES** | $ 131,827 | $ 771,428 | $ 903,255 |
| **NET CHANGE IN FUND BALANCE** | $ 188,992 | $ (188,992) | $ |
| **CHANGE IN NET POSITION** | | (582,436) | (582,436) |
| **FUND BALANCE/NET POSITION - FEBRUARY 1, 2025** | 110,644 | (373,541) | (262,897) |
| **FUND BALANCE/NET POSITION - JANUARY 31, 2026** | $ 299,636 | $ (1,144,969) | $ (845,333) |

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

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JANAURY 31, 2026

| | | |
|---|---|---|
| Net Change in Fund Balance - Governmental Fund | $ | 188,992 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Amortization of intangible right-to-use capital assets is recorded in governmental activities. | | (771,428) |
| Change in Net Position - Governmental Activities | $ | (582,436) |

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

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## NOTES TO THE FINANCIAL STATEMENTS
## JANAURY 31, 2026

### NOTE 1. CREATION OF DISTRICT

Brazoria County Municipal Utility District No. 81 (the "District") is a political subdivision of the State of Texas, operating under and governed by the provisions of Chapters 49 and 54, Texas Water Code, as amended, and Section 59 of Article XVI of the Texas Constitution. The District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, and roads, and to construct parks and recreational facilities for the residents of the District. The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The District held its organizational meeting on January 27, 2022.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

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

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

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

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

Government-Wide Financial Statements

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

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

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Financial Statements and Governmental Fund

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. The District has one governmental fund and considers it to be a major fund. The General Fund accounts for property tax revenues, developer advances, professional fees, administrative costs, and any other lawfully authorized expenditures of the District.

Basis of Accounting

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

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

Intangible Right-to-Use Capital Assets

Utilities and road infrastructure constructed within the District by the developers are conveyed to the City of Alvin, Texas for operations and maintenance for the benefit of District residents. These costs are recorded as intangible right-to-use capital assets in the District's financial statements and are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Asset additions, improvements and preservation costs that extend the life of an asset are capitalized and amortized over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Amortization is calculated on each class of depreciable property using the straight-line method over periods ranging from 35 to 45 years.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Budgeting

A budget was adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

Fund balances in governmental funds are classified using the following hierarchy:

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

*Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus (Continued)

*Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

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

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

*Unassigned*: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

## NOTE 3. BOND AUTHORITY

The bond authority for the District was authorized at an election held on May 7, 2022. The District is authorized to issue bonds for utility facilities of $82,300,000, utility refunding bonds of $38,600,000, recreational facility bonds of $3,450,000, refunding recreational facility bonds of $1,650,000, road bonds of $24,600,000 and refunding road bonds of $10,450,000. As of January 31, 2026, the District has not issued any bonds.

## NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was $315,900 and the bank balance was $315,261. The District was not exposed to custodial credit risk at year-end.

The carrying values of deposits at year end are summarized in the following table:

| | Cash |
|---|---|
| GENERAL FUND | $ 315,900 |

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth.

## NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy which is reviewed annually and which may be more restrictive than the Public Funds Investment Act. The District did not own any investments during the current fiscal year.

## NOTE 5. INTANGIBLE RIGHT-TO-USE CAPITAL ASSETS

Utilities and road infrastructure constructed within the District by the developers are conveyed to the City of Alvin, Texas for operations and maintenance for the benefit of District residents. These costs are recorded as intangible right-to-use capital assets. Changes in intangible right-to-use capital assets during the current fiscal year are summarized in the following table:

| | February 1, 2025 | Increases | Decreases | January 31, 2026 |
|---|---|---|---|---|
| **Intangible Right-to-Use Capital Assets Subject to Amortization** | | | | |
| Water Infrastructure | $ | $ 1,418,119 | $ | $ 1,418,119 |
| Sewer Infrastructure | | 1,895,531 | | 1,895,531 |
| Drainage Facilities | | 6,946,554 | | 6,946,554 |
| Roads | | 3,876,616 | | 3,876,616 |
| **Total Intangible Right-to-Use Capital Assets Subject to Amortization** | $ - 0 - | $ 14,136,820 | $ - 0 - | $ 14,136,820 |
| **Accumulated Amortization** | | | | |
| Water Infrastructure | $ | $ 68,268 | $ | $ 68,268 |
| Sewer Infrastructure | | 86,706 | | 86,706 |
| Drainage Facilities | | 379,318 | | 379,318 |
| Roads | | 237,136 | | 237,136 |
| **Total Accumulated Amortization** | $ - 0 - | $ 771,428 | $ - 0 - | $ 771,428 |
| **Total Intangible Right-to-Use Capital Assets, Net of Amortization** | $ - 0 - | $ 13,365,392 | $ - 0 - | $ 13,365,392 |

## NOTE 6. MAINTENANCE TAX

Voters authorized the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District as a result of an election held on May 7, 2022. During the year ended January 31, 2026, the District levied an ad valorem maintenance tax rate of $0.85 per $100 of assessed valuation, which resulted in a tax levy of $312,824 on the adjusted taxable valuation of $36,802,856 for the 2025 tax year. Maintenance tax revenues are to be used by the General Fund to pay for any lawfully authorized expenditures of the District.

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

## NOTE 7. UNREIMBURSED COSTS

The District and the developers have entered into financing agreements which require the developers to fund costs associated with construction of roads and utilities serving the residents of the District in addition to providing operating advances during the early stages of the District's development. The District is responsible for reimbursing these costs from proceeds of future bond issuances. The following table summarizes operating advances and construction costs for completed facilities paid by the developers on behalf of the District.

| | |
|---|---|
| Due to Developer, February 1, 2025 | $ 373,541 |
| Add: Current Year Additions | 14,136,820 |
| Due to Developer, January 31, 2026 | $ 14,510,361 |

The District anticipates selling road bonds during the third quarter of 2026 to reimburse a portion of the costs it owes the developers.

## 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. There have been no significant changes in coverage from the prior year and settlements have not exceeded coverage in the past year.

## NOTE 9. UTILITY SERVICES CONTRACT

The District entered into a Utility Services Contract (the "Contract") with the City of Alvin, Texas (the "City"). Pursuant to the Contract, as amended, the City will be the provider of water and wastewater services to customers within the District. Utilities infrastructure constructed within the District by the developers are conveyed to the City for operations and maintenance for the benefit of District residents. The City is responsible for the billing and collecting for utility services provided to customers within the District. The term of the Contract is for 40 years from its effective date.

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81

## REQUIRED SUPPLEMENTARY INFORMATION

## JANUARY 31, 2026

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JANUARY 31, 2026

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 155,546 | $ 318,501 | $ 162,955 |
| Penalty and Interest | | 1,991 | 1,991 |
| Interest and Miscellaneous Revenues | 15,000 | 327 | (14,673) |
| **TOTAL REVENUES** | $ 170,546 | $ 320,819 | $ 150,273 |
| **EXPENDITURES** | | | |
| Service Operations: | | | |
| Professional Fees | $ 125,000 | $ 98,504 | $ 26,496 |
| Contracted Services | 12,000 | 19,053 | (7,053) |
| Administrative and Other | 29,189 | 14,270 | 14,919 |
| **TOTAL EXPENDITURES** | $ 166,189 | $ 131,827 | $ 34,362 |
| **NET CHANGE IN FUND BALANCE** | $ 4,357 | $ 188,992 | $ 184,635 |
| **FUND BALANCE - FEBRUARY 1, 2025** | 110,644 | 110,644 | |
| **FUND BALANCE - JANUARY 31, 2026** | $ 115,001 | $ 299,636 | $ 184,635 |

See accompanying independent auditor's report.

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**JANUARY 31, 2026**

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## SERVICES AND RATES
## FOR THE YEAR ENDED JANUARY 31, 2026

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

| | | | | | |
|---|---|---|---|---|---|
| _____ | Retail Water | _____ | Wholesale Water | _____ | Drainage |
| _____ | Retail Wastewater | _____ | Wholesale Wastewater | _____ | Irrigation |
| _____ | Parks/Recreation | _____ | Fire Protection | _____ | Security |
| _____ | Solid Waste/Garbage | _____ | Flood Control | _____ | Roads |

_____ Participates in joint venture, regional system and/or wastewater service

_____ Other – The City of Alvin provides utility services to residents; see Note 9.

**2. RETAIL SERVICE PROVIDERS: NOT APPLICABLE**

**3. TOTAL WATER CONSUMPTION: NOT APPLICABLE**

**4. STANDBY FEES: NOT APPLICABLE**

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes X No _____

County in which District is located: Brazoria County, Texas

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

Entirely _____ Partly X Not at all _____

ETJ in which District is located: City of Alvin, Texas

Is the District located within a City?

Entirely _____ Partly X Not at all _____

City in which District is located: City of Alvin, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## GENERAL FUND EXPENDITURES
## FOR THE YEAR ENDED JANUARY 31, 2026

| | | |
|---|---|---|
| PROFESSIONAL FEES: | | |
| Engineering | $ | 17,302 |
| Legal | | 81,202 |
| TOTAL PROFESSIONAL FEES | $ | 98,504 |
| CONTRACTED SERVICES: | | |
| Bookkeeping | $ | 10,700 |
| Tax Assessment and Collection Costs | | 8,353 |
| TOTAL CONTRACTED SERVICES | $ | 19,053 |
| ADMINISTRATIVE EXPENDITURES: | | |
| Director Fees, Including Payroll Taxes | $ | 8,327 |
| Insurance | | 4,201 |
| Legal Notices | | 1,040 |
| Office Supplies and Postage | | 702 |
| TOTAL ADMINISTRATIVE EXPENDITURES | $ | 14,270 |
| TOTAL EXPENDITURES | $ | 131,827 |

See accompanying independent auditor's report.

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## TAXES LEVIED AND RECEIVABLE
## FOR THE YEAR ENDED JANUARY 31, 2026

| | Maintenance Taxes | |
|---|---|---|
| TAXES RECEIVABLE - FEBRUARY 1, 2025 | $ 49,027 | |
| Adjustments to Beginning Balance | (1,255) | $ 47,772 |
| Original 2025 Tax Levy | $ 313,142 | |
| Adjustment to 2025 Tax Levy | (318) | 312,824 |
| TOTAL TO BE ACCOUNTED FOR | | $ 360,596 |
| TAX COLLECTIONS: | | |
| Prior Years | $ 44,520 | |
| Current Year | 273,981 | 318,501 |
| TAXES RECEIVABLE - JANUARY 31, 2026 | | $ 42,095 |
| TAXES RECEIVABLE BY YEAR - | | |
| 2025 | | $ 38,843 |
| 2024 | | 3,252 |
| TOTAL | | $ 42,095 |

See accompanying independent auditor's report.

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## TAXES LEVIED AND RECEIVABLE
## FOR THE YEAR ENDED JANUARY 31, 2026

| | 2025 |
|---|---|
| PROPERTY VALUATIONS: | |
| Land | $ 12,324,070 |
| Improvements | 27,082,120 |
| Personal Property | 73,820 |
| Exemptions | (2,677,154) |
| TOTAL PROPERTY VALUATIONS | $ 36,802,856 |
| TAX RATES PER $100 VALUATION - | |
| Maintenance | $ 0.85 |
| ADJUSTED TAX LEVY* | $ 312,824 |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | 87.58 % |

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

Maintenance Tax – The District is authorized to levy a maintenance tax rate not to exceed $1.50 per $100 of assessed valuation.

See accompanying independent auditor's report.

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
## GENERAL FUND – ONE YEAR

| | Amounts | Percentage of Total Revenues |
|---|---|---|
| | 2026 | 2026 |
| **REVENUES** | | |
| Property Taxes | $ 318,501 | 99.3 % |
| Penalty and Interest on Delinquent Taxes | 1,991 | 0.6 |
| Investment and Miscellaneous Revenues | 327 | 0.1 |
| **TOTAL REVENUES** | $ 320,819 | 100.0 % |
| **EXPENDITURES** | | |
| Professional Fees | $ 98,504 | 30.8 % |
| Contracted Services | 19,053 | 5.9 |
| Administrative and Other | 14,270 | 4.4 |
| **TOTAL EXPENDITURES** | $ 131,827 | 41.1 % |
| **NET CHANGE IN FUND BALANCE** | $ 188,992 | 58.9 % |
| **BEGINNING FUND BALANCE** | 110,644 | |
| **ENDING FUND BALANCE** | $ 299,636 | |

See accompanying independent auditor's report.

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
## JANUARY 31, 2026

| | |
|---|---|
| District Mailing Address | Brazoria County Municipal Utility District No. 81<br>c/o Norton Rose Fulbright US LLP<br>1550 Lamar Street, Suite 2000<br>Houston, Texas 77010 |
| District Telephone Number | (713) 651-5151 |

| **Board Members** | Term of Office (Elected or Appointed) | Fees of Office for the year ended January 31, 2026 | Expense Reimbursements for the year ended January 31, 2026 | Title |
|---|---|---|---|---|
| Timothy Hogan | 11/23<br>05/28<br>(Appointed) | $ 2,210 | $ -0- | President |
| Todd Hoffman | 01/24<br>05/26<br>(Appointed) | $ 2,210 | $ -0- | Vice President |
| Kurt Lilley | 11/23<br>05/26<br>(Appointed) | $ 1,989 | $ -0- | Secretary |
| Meagan Elledge | 09/24<br>05/28<br>(Appointed) | $ 1,326 | $ -0- | Assistant Secretary |
| Heather Diaz | 12/25<br>05/26<br>(Appointed) | $ -0- | $ -0- | Director |

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

The most recent submission date of the District Registration Form was on April 2, 2026.

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by the Commission. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

# BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 81
## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
## JANUARY 31, 2026

| **Consultants:** | Date Hired | Fees for the year ended January 31, 2026 | Title |
|---|---|---|---|
| Norton Rose Fulbright US LLP | 01/04/24 | $ 81,202 | General Counsel |
| McCall Gibson Swedlund Barfoot Ellis PLLC | 03/16/26 | $ -0- | Auditor |
| Myrtle Cruz, Inc. | 01/27/22 | $ 11,343 | Bookkeeper |
| LJA Engineering and Surveying, Inc. | 01/27/22 | $ 17,302 | Engineer |
| Tierra Financial Advisors | 01/04/24 | $ -0- | Financial Advisor |
| Assessments of the Southwest | 04/12/22 | $ 6,094 | Tax Assessor/ Collector |

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

# MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

SPECIMEN

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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**Notices (Unless Otherwise Specified by BAM)**

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)

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