OFFICIAL STATEMENT DATED OCTOBER 27, 2026

In the opinion of Bond Counsel (defined below), under current law and subject to conditions described in the Section herein "Tax Exemption," interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described in the Section herein "Tax Exemption."

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX EXEMPTION – OTHER TAX MATTERS."

NEW ISSUE – Book-Entry-Only NON-RATED

$3,000,000
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 73

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

UNLIMITED TAX ROAD BONDS, SERIES 2026

Dated Date: Date of Delivery (defined herein) Due: September 1, as shown below

The $3,000,000 Galveston County Municipal Utility District No. 73 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"), are obligations solely of Galveston County Municipal Utility District No. 73 (the "District"), and are not obligations of the State of Texas, Galveston County, Texas, the City of League City, Texas, or any entity other than the District.

Principal of the Bonds is payable at maturity or earlier redemption by the paying agent/registrar, initially UMB Bank, N.A. (sometimes hereinafter called the "Paying Agent" or the "Registrar"). Interest accrues from the Date of Delivery of the Bonds to the winning bidders of the Bonds (the "Initial Purchaser") (expected to be on or about November 23, 2026), and is payable beginning March 1, 2027, and each September 1 and March 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds are fully registered bonds in the denomination of $5,000 or any integral multiple thereof.

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

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

Due (Sept. 1)	Principal Amount	Interest Rate [a]	Initial Reoffering Yield [b]	CUSIP 36423R[c]	Due (Sept. 1)	Principal Amount	Interest Rate [a]	Initial Reoffering Yield [b]	CUSIP 36423R[c]
2028	$55,000	7.750%	4.000%	FF5	2041 [d]	$100,000	5.250%	5.300%	FU2
2029	55,000	7.750%	4.100%	FG3	2042 [d]	105,000	5.250%	5.350%	FV0
2030	60,000	7.750%	4.200%	FH1	2043 [d]	115,000	5.250%	5.400%	FW8
2031	65,000	7.750%	4.300%	FJ7	2044 [d]	120,000	5.250%	5.450%	FX6
2032 [d]	65,000	7.750%	4.400%	FK4	2045 [d]	125,000	5.250%	5.500%	FY4
2033 [d]	70,000	7.750%	4.450%	FL2	2046 [d]	130,000	5.250%	5.550%	FZ1
2034 [d]	75,000	7.750%	4.500%	FM0	2047 [d]	135,000	5.250%	5.600%	GA5
2035 [d]	75,000	7.250%	4.550%	FN8	2048 [d]	145,000	5.250%	5.650%	GB3
2036 [d]	80,000	5.250%	4.700%	FP3	2049 [d]	250,000	5.250%	5.700%	GC1
2037 [d]	85,000	5.250%	4.850%	FQ1	2050 [d]	260,000	5.250%	5.750%	GD9
2038 [d]	90,000	5.250%	5.000%	FR9	2051 [d]	270,000	5.250%	5.800%	GE7
2039 [d]	95,000	5.250%	5.100%	FS7	2052 [d]	275,000	5.250%	5.850%	GF4
2040 [d]	100,000	5.250%	5.200%	FT5					

(a) After requesting competitive bids for purchase of the Bonds, the District has accepted the lowest net effective interest rate bid to purchase the Bonds, bearing interest as shown, at a price of 97.01% of par to the Date of Delivery, resulting in a net effective interest rate to the District of 5.554682%.

(b) The initial reoffering yields on the Bonds are established by, and are the sole responsibility of the Initial Purchaser, and may subsequently be changed. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first optional redemption date.

(c) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers.

(d) Bonds maturing on September 1, 2032, 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, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. Investment in the Bonds is subject to special Risk Factors described herein. See "RISK FACTORS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by The Muller Law Group, PLLC, Sugar Land, Texas ("Bond Counsel"). Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas ("Disclosure Counsel"). Delivery of the Bonds in Book-Entry-Only form through DTC is expected on or about November 23, 2026 (the "Date of Delivery").

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT 3
SALE AND DISTRIBUTION OF THE BONDS 4
Award and Marketing of the Bonds 4
Prices and Marketability 4
No Litigation 4
Securities Laws 4
OFFICIAL STATEMENT SUMMARY 5
SUMMARY OF SELECTED FINANCIAL INFORMATION (UNAUDITED) 8
INTRODUCTION 9
THE DISTRICT 9
General 9
THE DEVELOPER 9
Status of Development 9
Role of a Developer 10
The Developer and Principal Landowners 10
Homebuilders in the District 10
THE BONDS 10
General 10
Description 11
Record Date 11
Authority for Issuance 11
Source and Security for Payment 11
Redemption Provisions 11
Method of Payment of Principal and Interest 12
Registration 12
Replacement of Paying Agent/Registrar 12
Legal Investment and Eligibility to Secure Public Funds in Texas 12
Funds 12
Issuance of Additional Debt 13
Dissolution and Consolidation 13
Remedies in Event of Default 13
Defeasance 13
BOOK-ENTRY-ONLY SYSTEM 14
RISK FACTORS 16
General 16
Increase in Costs of Building Materials 16
Potential Effects of Oil Price Fluctuations on the Houston Area 17
Maximum Impact on District Tax Rates 17
Dependence on Principal Taxpayers and Concentration of Taxable Value 17
Tax Collection Limitations 17
Extreme Weather Events 18
Specific Flood Type Risks 18
Registered Owners' Remedies 19
Bankruptcy Limitation to Registered Owners' Rights 19
Future Debt 19
Continuing Compliance with Certain Covenants 19
Changes in Tax Legislation 20
Atlas 14 20
Marketability 20
Approval of the Bonds 20
Environmental Regulations 20
Cybersecurity 22
USE AND DISTRIBUTION OF BOND PROCEEDS 23
SELECTED FINANCIAL INFORMATION (UNAUDITED) 24
General 24
District Bonds Authorized but Unissued 24
Estimated Overlapping Debt Statement 25
OPERATING STATEMENT 26
DEBT SERVICE REQUIREMENTS 27
TAXING PROCEDURES 28
Authority to Levy Taxes 28
Property Subject to Taxation by the District 28
Tax Abatement 29
Property Tax Code and County-Wide Appraisal District 29
Valuation of Property for Taxation 29
District and Taxpayer Remedies 30
Rollback of Operation and Maintenance Tax Rate 31
Levy and Collection of Taxes 31
District's Rights in the Event of Tax Delinquencies 32
TAX DATA 33
Classification of Assessed Valuation 33
Tax Collections 33
District Tax Rates 33
Tax Rate Limitation 33
Maintenance Tax 34
Principal Taxpayers 34
Tax Rate Calculations 34
Overlapping Taxes 35
MANAGEMENT OF THE DISTRICT 36
UTILITY SERVICE AGREEMENT BETWEEN THE DISTRICT AND LEAGUE CITY 37
Description 37
THE SYSTEM 37
Water, Sanitary Sewer, and Drainage System 37
100-Year Flood Plain 37
THE ROAD SYSTEM 38
LEGAL MATTERS 38
Legal Proceedings 38
No Arbitrage 38
No Material Adverse Change 39
No-Litigation Certificate 39
TAX EXEMPTION 39
Opinion of Bond Counsel 39
Alternative Minimum Tax 39
Other Tax Matters 40
Original Issue Discount 40
Bond Premium 40
SOURCES OF INFORMATION 41
General 41
Consultants 41
Updating of Official Statement 41
Certification of Official Statement 41
CONTINUING DISCLOSURE OF INFORMATION 41
Annual Reports 42
Event Notices 42
Availability of Information from MSRB 42
Limitations and Amendments 42
Compliance with Prior Undertakings 43
AERIAL PHOTOGRAPH 45
DISTRICT PHOTOGRAPHS 46

APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2026

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the District or the Initial Purchaser 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 an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District upon payment of the costs for duplication thereof.

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

Neither the District, the Initial Purchaser, nor the District's Municipal Advisor makes any representation or warranty with respect to the information contained in this Official Statement regarding DTC or its Book-Entry-Only System.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the lowest net effective interest rate bid, which was tendered by SAMCO Capital Markets (the "Initial Purchaser"), to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the cover page hereof at a price of 97.01% of the principal amount thereof, to the Date of Delivery, which resulted in a net effective interest rate of 5.554682% as calculated pursuant to Chapter 1204, Texas Government Code.

Prices and Marketability

The prices and other terms respecting the re-offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE RE-OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No Litigation

As a condition to delivery of the Bonds, the District will furnish a certificate executed by the President and Secretary of the District that no litigation is pending or, to the knowledge of the District's certifying officers, threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the titles of the present officers and directors of the Board of the District (defined herein).

Securities Laws

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

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OFFICIAL STATEMENT SUMMARY

The following summary of certain information contained herein is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information. 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 Issuer	Galveston County Municipal Utility District No. 73 (the "District"), is a political subdivision of the State of Texas (the "State") located in Galveston County, Texas. The District is situated wholly within the limits of the City of League City, Texas. The District is generally bounded on the south by future Grand Parkway SH 99, on the north by existing Magnolia Creek neighborhood, and on the east by Hobbs Road. Primary access to the District will be from Ervin Street. Secondary access points will be from Hobbs Road, Florence Drive, and future Grand Parkway. See "THE DISTRICT."
Description	$3,000,000 Unlimited Tax Road Bonds, Series 2026, are dated November 23, 2026, and mature on September 1 in each of the years and in the principal amounts indicated on the cover page of this Official Statement (the "Bonds"). Interest accrues from the Date of Delivery of the Bonds to the Initial Purchaser (expected to be on or about November 23, 2026), and is payable beginning March 1, 2027, and each September 1 and March 1 (each an "Interest Payment Date") thereafter until maturity or prior redemption. The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The Bonds maturing on or after September 1, 2032 are subject to redemption, in whole or from time to time in part, prior to their scheduled maturities, on September 1, 2031, or on any date thereafter, at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof so called for redemption, plus accrued interest to the date of redemption. See "THE BONDS."
Book-Entry-Only.....	The Bonds are initially issuable in Book-Entry-Only form and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, which will act as securities depository. Beneficial Owners of the Bonds will not receive physical delivery of bond certificates. See "BOOK-ENTRY-ONLY SYSTEM."
Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source and Security for Payment," "TAX DATA – Tax Rate Calculations," and "RISK FACTORS – Maximum Impact on District Tax Rates."
Payment Record.....	The Bonds are the sixth issuance of bonded indebtedness by the District and the third issuance of road facilities bonds secured by and payable from an unlimited ad valorem tax levied on the taxable property within the District. The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness. See "SELECTED FINANCIAL INFORMATION (UNAUDITED) – District Bonds Authorized but Unissued".
Use of Proceeds	Proceeds of the sale of the Bonds will be used to pay for items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," including to pay for developer interest; to pay twelve (12) months of capitalized interest on the Bonds; and to pay certain other costs and engineering fees related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Qualified Tax-Exempt Obligations	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX EXEMPTION – Other Tax Matters."

THE DISTRICT

Description	Galveston County Municipal Utility District No. 73, a political subdivision of the State, was created by Order of the Texas Commission on Environmental Quality ("TCEQ") dated July 22, 2019, and operates under Chapters 49 and 54 of the Texas Water Code pursuant to Article XVI, Section 59 and Article III, Section 52, of the Texas Constitution. The District is located in Galveston County, Texas and is situated wholly within the limits of the City of League City, Texas ("League City" or the "City"). See "THE DISTRICT – General."
Authority for Issuance	At an election held within the District on May 1, 2021, the District voters authorized the issuance of (1) $443,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the "System") and the issuance of $44,370,000 for the purpose of refunding such bonds (2) $113,000,000 for the issuance of bonds for the costs of parks and recreational facilities (the "Park System") and $11,300,000 for the purpose of refunding such bonds and (3) $287,000,000 for the purpose of construction of roads within the District (the "Road System") and $28,700,000 for the purpose of refunding such bonds. The Bonds constitute the third issuance of bonds for the construction of the Road System from such authorization. After the issuance of the Bonds, $271,515,000 principal amount of unlimited tax bonds for the Road System will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution (as defined herein); Article III, Section 52 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT – General."
Outstanding Bonds	The District has previously issued two series of bonds regarding the Road System: its Unlimited Tax Road Bonds, Series 2024 in the principal amount of $7,485,000 and its Unlimited Tax Road Bonds, Series 2025 in the principal amount of $5,000,000 (collectively, the "Outstanding Road System Bonds"). The District has also previously issued three series of bonds regarding the System: its Unlimited Tax Bonds, Series 2024 in the principal amount of $3,420,000, its Unlimited Tax Bonds, Series 2025 in the principal amount of $6,000,000, and its Unlimited Tax Bonds, Series 2026 in the principal amount of $6,000,000 (collectively, the "Outstanding System Bonds" and with the Outstanding Road System Bonds, the "Outstanding Bonds").
The Developer	The primary developer landowners within the District are Lennar Homes of Texas Land and Construction, Ltd. (the "Developer"), a Texas limited partnership, and Millrose Properties Texas, LLC ("Millrose"), each of which are subsidiaries of and controlled by Lennar Corporation. Millrose is a thinly capitalized, single-purpose entity created for the sole purpose of owning and holding land within the District. In February 2025, the Developer transferred approximately 425 acres comprising 1,088 lots to Millrose (Sections 7-17). In August 2025, the Developer purchased an additional 140 acres comprising 450 lots (Sections 18-22). The Developer and Millrose sell land and vacant developed lots to other entities controlled by Lennar Corporation for future development on a regular and ongoing basis. In December 2025, Millrose transferred 157 lots to OHC Lennar Pool II, LLC, a Delaware limited liability company operating as Olympus ("Olympus") (44 lots in Section 7 and 113 lots in Section 9). To date, the Developer has taken down 23 lots from Millrose in Section 7 and 67 lots from Olympus in Section 9. In Section 7, Olympus retains 20 lots following the Developer's acquisition of 24 lots. In Section 9, Olympus retains 46 lots following the Developer's acquisition of 67 lots. From Millrose, the Developer has taken down 77 lots in Section 8, 5 lots in Section 10, and 12 lots in Section 11, with 1,266 lots remaining in Millrose's inventory. Additionally, pursuant to the Assignment and Assumption of Supplemental Development Financing Agreement dated June 10, 2025, by and among the District and RKD, SR. FAMILY-II, L.P., a landowner and developer in the

	District (the "Reimbursement Agreement"), RKD, SR. FAMILY-II, L.P. is entitled to receive from the District reimbursements for the cost of the creation of the District and the costs of certain improvements in the District. See "THE DEVELOPER – The Developer and Principal Landowners."
Development of the District.....	As of July 1, 2026, the District contained 549 completed single-family homes, 99 homes under construction by the Developer and 607 vacant lots. The remaining land in the District is comprised of approximately 280.5 undeveloped but developable acres and approximately 198.2 acres that are undevelopable. See "THE DEVELOPER – Status of Development."
Homebuilders within the District....	Recently completed homes within the District have been constructed by the Developer. New homes being constructed range in price from $265,000 to $330,000. See "THE DEVELOPER – Homebuilders in the District."
Bond Counsel	The Muller Law Group, PLLC, Sugar Land, Texas. See "LEGAL MATTERS."
Disclosure Counsel.....	Orrick, Herrington & Sutcliffe LLP, Houston, Texas
Engineer.....	LJA Engineering, Inc., Katy, Texas
Municipal Advisor.....	RBC Capital Markets, LLC, Houston, Texas
Paying Agent	UMB Bank, N.A., Houston, Texas

RISK FACTORS

INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL RISK FACTORS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS; ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED "RISK FACTORS."

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SUMMARY OF SELECTED FINANCIAL INFORMATION (UNAUDITED)

January 1, 2026 Certified Taxable Assessed Valuation	$177,466,675	(a)
May 1, 2026 Estimated Taxable Assessed Valuation	$205,617,351	(b)
Direct Debt (Includes the Bonds and the Outstanding Bonds)	$30,670,000	(c)
Estimated Overlapping Debt	$10,437,541	
Direct and Estimated Overlapping Debt	$41,107,541	
Operating Fund (as of September 8, 2026)	$68,219	
System Debt Service Fund Balance (as of Date of Delivery)	$467,597	(d)
Road System Debt Service Fund Balance (as of Date of Delivery)	$587,854	(e)
Ratios of Direct Debt to:		
January 1, 2026 Taxable Assessed Valuation	17.28%	
May 1, 2026 Estimated Taxable Assessed Valuation	14.92%	
Ratios of Direct Debt and Estimated Overlapping Debt to:		
January 1, 2026 Taxable Assessed Valuation	23.16%	
May 1, 2026 Estimated Taxable Assessed Valuation	19.99%	
2026 Tax Rate per $100 of Assessed Valuation		
System Debt Service Tax Rate	$0.47	
Road System Debt Service Tax Rate	$0.43	
Maintenance Tax Rate	$0.25	
Total	$1.15	
Combined Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (Calendar Years 2027-2052)	$2,019,511	(c)
Combined Maximum Annual Debt Service Requirement of the Bonds and the Outstanding Bonds (Calendar Year 2050)	$2,229,537	(c)
Combined Tax Rate per $100 of Assessed Valuation Required to pay the Average Annual Debt Service Requirements of the Bonds and the Outstanding Bonds at 95% Tax Collection		
Based Upon January 1, 2026 Certified Taxable Assessed Valuation	$1.20	(c)
Based Upon May 1, 2026 Estimated Taxable Assessed Valuation	$1.04	(c)
Combined Tax Rate per $100 of Assessed Valuation Required to pay Maximum Annual Debt Service Requirement of the Bonds and the Outstanding Bonds at 95% Tax Collection		
Based Upon January 1, 2026 Certified Taxable Assessed Valuation	$1.33	(c)
Based Upon May 1, 2026 Estimated Taxable Assessed Valuation	$1.15	(c)

(a) The 2026 Certified Taxable Assessed Valuation as of January 1, 2026 shown herein is provided by Galveston Central Appraisal District ("GCAD").

(b) Provided by GCAD for informational purposes only. Such amount reflects an estimate of the taxable assessed value located within the District as of May 1, 2026, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2026 through May 1, 2026. No taxes will be levied against this amount.

(c) Includes the Bonds and the Outstanding Bonds.

(d) Includes $297,687 of capitalized interest that was deposited into the account on the date of delivery of the Unlimited Tax Bonds, Series 2026, on September 10, 2026. Neither Texas law nor the relevant bond resolution requires that the District maintain any particular sum in the System Debt Service Fund (herein defined). Funds in the System Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for the System and are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road System Bonds and the Bonds.

(e) Includes $150,000 of capitalized interest that will be deposited into the account on the Date of Delivery of the Bonds. Neither Texas law nor the Bond Resolution (herein defined) requires that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Funds in the Road System Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for the Road System, including the Outstanding Road System Bonds and the Bonds, and are not available to pay debt service on bonds issued by the District for the System, including the Outstanding System Bonds.

OFFICIAL STATEMENT
relating to

$3,000,000
GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 73

UNLIMITED TAX ROAD BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Galveston County Municipal Utility District No. 73 (the "District"), of its $3,000,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"). There follows in this Official Statement descriptions of the Bonds and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District c/o The Muller Law Group, PLLC, Sugar Land, Texas ("Bond Counsel"), upon request and payment of the costs of duplication therefor.

THE DISTRICT

General

Galveston County Municipal Utility District No. 73 (the "District"), a municipal utility district created by an order of the Texas Commission on Environmental Quality (the "TCEQ"), on July 22, 2019, operates under the provisions of Chapters 49 and 54 of the Texas Water Code and other general statutes of Texas applicable to municipal utility districts. The District is subject to the continuing supervision of the TCEQ. The District is located within the corporate limits of the City of League City, Texas (the "City" or "League City") which retains certain approval related to utility construction and operation as well as the sale of bonds serving the development (see "UTILITY SERVICE AGREEMENT BETWEEN THE DISTRICT AND LEAGUE CITY").

The District is located in Galveston County, Texas and is situated wholly within the limits of League City. The District is generally bounded on the south by future Grand Parkway SH 99, on the north by existing Magnolia Creek neighborhood, and on the east by Hobbs Road. Primary access to the District will be from Ervin Street. Secondary access points will be from Hobbs Road, Florence Drive, and future Grand Parkway.

THE DEVELOPER

Status of Development

As of July 1, 2026, the District contained 549 completed single-family homes, 99 homes under construction by the Developer and 607 vacant lots. The remaining land in the District is comprised of approximately 280.5 undeveloped but developable acres and approximately 198.2 acres that are undevelopable.

Subdivision	Acreage	Platted Lots	To Be Platted Lots	Completed Homes	Homes Under Construction	Vacant Lots
Section 1	23.4	92		87		5
Section 2	16.5	77		77		
Section 3	17.6	83		83		
Section 4	17.6	66		66		
Section 5	13.6	64		64		
Section 6	13.4	63		63		
Section 7	16.5	67		32	15	20
Section 8	15.7	77		77		
Section 9	26.8	113			67	46
Section 10	21.3	81			5	76
Section 11	17.1	61			12	49
Section 12	15.8	58				58
Section 15	33.1	127				127
Section 16	43.3		226			226
Section 17	16.2		62			
Future	280.5		663			
Undevelopable	198.2					
	786.6	1,029	663	549	99	607

Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developer will be required to pay up to thirty percent 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.

The Developer and Principal Landowners

The developer/principal landowner within the District is Lennar Homes of Texas Land and Construction, Ltd. (the "Developer"), a Texas limited partnership, which is a subsidiary of and controlled by Lennar Corporation. Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "LEN." Audited financial statements for Lennar Corporation can be found online at https://investors.lennar.com. Lennar Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by Lennar Corporation 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.

The primary developer landowners within the District are Lennar Homes of Texas Land and Construction, Ltd. (the "Developer"), a Texas limited partnership, and Millrose Properties Texas, LLC ("Millrose"), each of which are subsidiaries of and controlled by Lennar Corporation. Millrose is a thinly capitalized, single-purpose entity created for the sole purpose of owning and holding land within the District. In February 2025, the Developer transferred approximately 425 acres comprising 1,088 lots to Millrose (Sections 7-17). In August 2025, the Developer purchased an additional 140 acres comprising 450 lots (Sections 18-22). The Developer and Millrose sell land and vacant developed lots to other entities controlled by Lennar Corporation for future development on a regular and ongoing basis. In December 2025, Millrose transferred 157 lots to OHC Lennar Pool II, LLC, a Delaware limited liability company operating as Olympus ("Olympus") (44 lots in Section 7 and 113 lots in Section 9).

To date, the Developer has taken down 23 lots from Millrose in Section 7 and 67 lots from Olympus in Section 9. In Section 7, Olympus retains 20 lots following the Developer's acquisition of 24 lots. In Section 9, Olympus retains 46 lots following the Developer's acquisition of 67 lots. From Millrose, the Developer has taken down 77 lots in Section 8, 5 lots in Section 10, and 12 lots in Section 11, with 1,266 lots remaining in Millrose's inventory.

Pursuant to the Assignment and Assumption of Supplemental Development Financing Agreement dated June 10, 2025, by and among the District and RKD, SR. FAMILY-II, L.P., a landowner and developer in the District (the "Reimbursement Agreement"), RKD, SR. FAMILY-II, L.P. is entitled to receive from the District reimbursements for the cost of the creation of the District and the costs of certain improvements in the District, such as the shared regional lift station, which benefits the District.

Homebuilders in the District

Recently completed homes within the District have been constructed by the Developer. Home sale prices range from $265,000 to $330,000.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its

entirety by reference to the Bond Resolution (as defined herein), a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated as of the Date of Delivery of the Bonds to the Initial Purchaser (anticipated November 23, 2026) and payable on March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date"), until the earlier of maturity or prior redemption. Interest on the Bonds initially accrues from the Date of Delivery (anticipated November 23, 2026), and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company ("DTC"), in its nominee name of Cede & Co., pursuant to the Book-Entry-Only System described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Record Date

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

Authority for Issuance

At an election held within the District on May 1, 2021, voters of the District authorized a total of $287,000,000 in unlimited tax bonds for the purpose of construction of roads within the District. The Bonds constitute the third issuance of bonds from such authorization. After the issuance of the Bonds, a total of $271,515,000 in principal amount of unlimited tax bonds for construction of roads within the District will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of a resolution adopted by the District on the date of award of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended.

Source and Security for Payment

The Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAXING PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the State of Texas (the "State"), Galveston County, Texas, the City, or any political subdivision or agency other than the District.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2031, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption ("Redemption Date"). If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM."

Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the Redemption Date, in the manner specified in the Bond Resolution.

By the Redemption Date, due provision shall be made with the Paying Agent for payment of the principal of the Bonds or portions thereof to be redeemed by the Redemption Date. When the Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the Redemption Date on any bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board of Directors of the District ("Board") has appointed UMB Bank, N.A., having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial paying agent/registrar for the Bonds ("Paying Agent" or "Registrar"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State for the purpose of maintaining the Register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution for replacement of the Paying Agent. If the Paying Agent is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

Funds

The Bond Resolution confirms the District's debt service fund for payment of debt service on the bonds for the Road System, including the Outstanding Road System Bonds, the Bonds, and any other bonds issued by the District for the purpose of acquiring or constructing the Road System, or for the purpose of refunding such bonds (the "Road System Debt Service Fund"). The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the bonds issued by the District for the Road System, including the Outstanding Road System Bonds, the Bonds, and any additional bonds issued by the District for the Road System, is to be kept separate from all other funds of the District and is to be used only for payment of such bonds. Amounts on deposit in the Road System Debt Service Fund may also be used for the following, to the extent applicable to the bonds issued by the District for the Road System, including the Outstanding Road System Bonds, the Bonds, and any additional bonds issued by the District for the Road System: to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of principal of and interest on bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Upon closing of the Bonds, $150,000 of capitalized interest will be deposited into the Road System Debt Service Fund. The proceeds from all taxes levied and collected for payment of debt service on bonds issued by the District for the Road System, including the Outstanding Road System Bonds, the Bonds, and any additional bonds issued by the District for the Road System will also be deposited into the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are available only to pay debt service on the bonds issued by the District for the Road System, including the Outstanding Road System Bonds, the Bonds, and any additional bonds issued by the District for the Road System and are not available to pay debt service on the bonds issued by the District for the System, or any additional bonds issued by the District for the System.

The District previously created a debt service fund for payment of debt service on the bonds for the System, including the Outstanding System Bonds and any other bonds issued by the District for the purpose of acquiring or constructing the System, or for the purpose of refunding such bonds (the "System Debt Service Fund"). The System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the bonds issued by the District for the System, including the Outstanding System Bonds and any additional bonds issued by the District for the System, is to be kept separate from all other funds of the District and is to be used only for payment of such bonds. Amounts on deposit in the System Debt Service Fund may also be used for the following, to the extent applicable to the bonds issued by the District for the System, including the Outstanding System Bonds and any additional bonds issued by the District for the System: to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of principal of and interest on bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Issuance of Additional Debt

At an election held within the District on May 1, 2021, the District voters authorized the issuance of (1) $443,700,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the "System") and the issuance of $44,370,000 for the purpose of refunding such bonds; (2) $113,000,000 for the issuance of bonds for the costs of parks and recreational facilities (the "Park System") and $11,300,000 for the purpose of refunding such bonds; and (3) $287,000,000 for the purpose of construction of roads within the District (the "Road System") and $28,700,000 for the purpose of refunding such bonds.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "RISK FACTORS – Future Debt."

Dissolution and Consolidation

The City Council of the City, by a vote of not less than two-thirds of its membership, may adopt an ordinance dissolving the District. Upon the adoption of the ordinance, the District would be dissolved, and the City would succeed to the property and assets of the District and assume all bonds, debts, obligations, and liabilities of the District, including, without limitation, the obligation to pay the debt service on the Bonds. The District can make no representation on the ability of the City to repay the District's debt. Pursuant to a Utility Agreement between the District and the City, the City has agreed not to dissolve the District until development within the District is substantially complete.

The District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the new, consolidated district. No representation is made that the District will ever consolidate with any other district, although no consolidation is presently contemplated by the District.

Remedies in Event of Default

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay the principal of, and interest and redemption price thereon in any manner permitted by law. Under

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

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Resolution does not contractually limit such investments, Registered Owners 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 those currently permitted under Texas law.

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 believes the source of such information to be reliable, but takes 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. Discontinuance of the DTC Book-Entry-Only System by the District may require consent of DTC Participants under DTC Operational Arrangements. 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, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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).

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 Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to the 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 Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of Book-Entry-Only transfers through DTC (or a successor securities depository). In that event, Bond certificates 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 the District takes no responsibility for the accuracy thereof.

RISK FACTORS

General

The Bonds, which are obligations solely of the District and not obligations of the State, Galveston County, Texas, the City or any other entity, are secured by the levy of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability 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 representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by 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. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes, may be costly and lengthy processes. See "Tax Collection Limitations" and "Registered Owners' Remedies" below and "THE BONDS – Source and Security for Payment," and "– Remedies in Event of Default."

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 Developer 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 Developer will be implemented or, if implemented, will be successful.

Location and Access: The District is located approximately 30 miles southeast from the central business district of the City of Houston, Texas. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "THE DEVELOPER – Status of Development."

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, 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.

Increase in Costs of Building Materials

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many homebuilders and general contractors to experience budget overruns. Further, the unpredictable nature of current trade policy (including the threatened imposition of tariffs) may impact the ability of the Developer or homebuilders in the District to estimate costs. Additionally, immigration policies may affect the State's workforce, and any labor shortages that could occur may impact the rate of construction within the District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development or homebuilding continuing in a timely

manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or homebuilders.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a 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 January 1, 2026 Certified Taxable Assessed Valuation of property located within the District (see "TAX DATA") is $177,466,675. The May 1, 2026 Estimate of Assessed Valuation of property located within the District (see "TAX DATA") is $205,617,351. After issuance of the Bonds, the Combined Maximum Annual Debt Service Requirement for the Outstanding Bonds and the Bonds will be $2,229,537 (2050) and the Projected Combined Average Annual Debt Service Requirements for the Outstanding Bonds and the Bonds will be $2,019,511 (2027 through 2052, inclusive). Assuming no increase to or decrease from the January 1, 2026 Certified Taxable Assessed Valuation, and no use of other District funds, tax rates of $1.33 and $1.20 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Combined Maximum Annual Debt Service Requirement for the Outstanding Bonds and the Bonds and the Combined Average Annual Debt Service Requirements for the Outstanding Bonds and the Bonds, respectively. Assuming no increase to or decrease from the $205,617,351 May 1, 2026 Estimate of Assessed Valuation, and no use of other District funds, tax rates of $1.15 and $1.04 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Combined Maximum Annual Debt Service Requirement for the Outstanding Bonds and the Bonds and the Combined Average Annual Debt Service Requirements for the Outstanding Bonds and the Bonds, respectively. See "TAX DATA – Tax Rate Calculations."

Dependence on Principal Taxpayers and Concentration of Taxable Value

Based upon the 2026 GCAD tax rolls, the principal taxpayers of the District comprise 20.08% of the District's 2026 Taxable Assessed Valuation as provided by GCAD. The calculation of the percent of principal taxpayers is based upon the 2026 Taxable Assessed Valuation, which includes $177,466,675 of certified value and $1,937,830 of uncertified value. The uncertified value represents the GCAD opinion of the value; however, such value is subject to review and downward adjustment prior to certification. No tax will be levied on said uncertified value until it is certified by the GCAD. The entities that constitute the top ten taxpayers may change as properties under GCAD review are certified. See "TAX DATA" and "TAXING PROCEDURES."

The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. In the event one of these taxpayers, or any combination of taxpayers, should 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 will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to collect tax revenues or enforce and liquidate its tax liens in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property, (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer's limited right to redeem its foreclosed property as set forth below, or (e) insufficient foreclosure bids to satisfy the tax liens of all state and local taxing authorities which have parity liens on the 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 the 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 following the date of recordation of the deed issued at foreclosure and all other property within six (6) months following the date of recordation of the deed issued at foreclosure. See "TAXING PROCEDURES."

Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES – District's Rights in the Event of Tax Delinquencies."

Extreme Weather Events

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

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

Specific Flood Type Risks

The District is subject to the following types of flood risks.

Riverine (or Fluvial) Flood.

Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow overland. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam.

In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems (canals or channels) downstream.

Ponding (or Pluvial) Flood.

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

Coastal (or Storm Surge) Flood.

Coastal, or storm surge, flooding occurs when sea levels or water levels in estuarial rivers, bayous and channels rise to abnormal levels in coastal areas, over and above the regular astronomical tide, caused by forces generated from a severe storm's wind, waves, and low atmospheric pressure. Storm surge is extremely dangerous, because it is capable of flooding large swaths of coastal property and causing catastrophic destruction. This type of flooding may be exacerbated when storm surge coincides with a normal high tide.

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

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) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. 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 appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

If the 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 were confirmed by the bankruptcy court, it could, among other things, affect the Registered 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 Registered Owner's claim against the District.

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District reserves the right in the Bond Resolution to issue (1) the remaining $428,280,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the "System") and the issuance of $44,370,000 for the purpose of refunding such bonds; (2) $113,000,000 for the issuance of bonds for the costs of parks and recreational facilities (the "Park System") and $11,300,000 for the purpose of refunding such bonds; and (3) $271,515,000 for the purpose of construction of roads within the District (the "Road System"), and $28,700,000 for the purpose of refunding such bonds. The District has also reserved the right to issue certain other additional bonds. See "THE BONDS –Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of

interest on the Bonds. Failure by 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 EXEMPTION."

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.

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain. See "THE SYSTEM—100-Year Flood Plain."

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. There is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

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 does not pass upon or guarantee the security of the Bonds as an investment, nor does he pass upon 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.

Cybersecurity

The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The use and distribution of the proceeds from the sale of the Bonds is set forth below. 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.

	CONSTRUCTION COSTS	District's Share
A.	Developer Contribution Items	
	1. Samara Section 6 - Paving	
	a. Construction	$626,396
	b. Engineering	125,885
	c. Geotechnical Engineering	9,582
	2. Samara Section 7 - Paving	
	a. Construction	$760,769
	b. Engineering	95,824
	c. Geotechnical Engineering	14,980
	3. Samara Section 8 - Paving	
	a. Construction	$34,483
	b. Engineering	5,012
	c. Geotechnical Engineering	502
	Total Developer Contribution Items	$1,673,433
B.	District Items	
	1. Land Acquisition Costs - Right of Way (ROW)	
	a. Samara Section 8 - ROW	$121,161
	b. Samara Ervin Street Phase III - ROW	$118,842
	c. Landing Blvd. Phase I & Samara Way - ROW	$209,062
	d. Land Interest	$123,216
	Total District Items	$572,280
	TOTAL CONSTRUCTION COSTS	**$2,245,713**
	NON-CONSTRUCTION COSTS	
A.	Legal Fees	$90,000
B.	Fiscal Agent Fees	37,500
C.	Interest Costs	
	1. Capitalized Interest	150,000
	2. Developer Interest	315,213
D.	Bond Discount	90,000
E.	Bond Issuance Expenses	38,574
F.	Engineering Report Costs	30,000
G.	Attorney General Fee	3,000
	TOTAL NON-CONSTRUCTION COSTS	**$754,287**
	TOTAL BOND ISSUE REQUIREMENT	**$3,000,000**

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses permitted by law. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

SELECTED FINANCIAL INFORMATION (UNAUDITED)

General

January 1, 2026 Certified Taxable Assessed Valuation	$177,466,675 [(a)]
May 1, 2026 Estimated Taxable Assessed Valuation	$205,617,351 [(b)]
Direct Debt (Includes the Bonds and the Outstanding Bonds)	$30,670,000
Estimated Overlapping Debt	$10,437,541
Direct and Estimated Overlapping Debt	$41,107,541
Direct Debt Ratios:	
as a percentage of January 1, 2026 Certified Taxable Assessed Valuation	17.28%
as a percentage of May 1, 2026 Estimated Taxable Assessed Valuation	14.92%
Direct and Estimated Overlapping Debt Ratios	
as a percentage of January 1, 2026 Certified Taxable Assessed Valuation	23.16%
as a percentage of May 1, 2026 Estimated Taxable Assessed Valuation	19.99%

(a) The 2026 Certified Taxable Assessed Valuation as of January 1, 2026 shown herein is provided by GCAD.
(b) Provided by GCAD for informational purposes only. Such amount reflects an estimate of the taxable assessed value located within the District as of May 1, 2026, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2026 through May 1, 2026. No taxes will be levied against this amount.

District Bonds Authorized but Unissued

Date of Authorization	Purpose	Authorized	Issued To Date [(a)]	Amount Unissued [(a)]
05/01/2021	Water, Wastewater, Drainage	$443,700,000	$15,420,000	$428,280,000
05/01/2021	Parks and Recreational Facilities	113,000,000	0	113,000,000
05/01/2021	Roads	287,000,000	15,485,000	271,515,000
05/01/2021	Refunding Water, Wastewater, Drainage	44,370,000	0	44,370,000
05/01/2021	Refunding Parks and Recreational Facilities	11,300,000	0	11,300,000
05/01/2021	Refunding Roads	28,700,000	0	28,700,000

(a) Assumes issuance of the Bonds.

Cash and Investment Balances (Unaudited)

Operating Fund (as of September 8, 2026)	Cash and Temporary Investments	$68,219
System Debt Service Fund (as of Date of Delivery)	Cash and Temporary Investments	$467,597[(a)]
Road System Debt Service Fund (as of Date of Delivery)	Cash and Temporary Investments	$587,854[(b)]
WS&D Capital Projects Fund (as of September 8, 2026)	Cash and Temporary Investments	$43,600
Road Construction Fund (as of September 8, 2026)	Cash and Temporary Investments	$47,268

(a) Includes $297,687 of capitalized interest that was deposited into the account on the date of delivery of the Unlimited Tax Bonds, Series 2026, on September 10, 2026. Neither Texas law nor the relevant bond resolution requires that the District maintain any particular sum in the System Debt Service Fund. Funds in the System Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for the System and are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road System Bonds and the Bonds.
(b) Includes $150,000 of capitalized interest that will be deposited into the account on the Date of Delivery of the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay the debt service on bonds issued by the District for the Road System, including the Outstanding Road System Bonds and the Bonds, and are not available to pay debt service on bonds issued by the District for the System, such as the Outstanding System Bonds.

The policy of the District is to invest District funds only in instruments which further the following investment objectives of the District stated in order of importance: (1) preservation and safety of principal; (2) liquidity; and (3)

yield. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District's portfolio.

Investment in U.S. Government Obligations, bank Certificates of Deposit and money market funds are generally representative of the District's investment practices. State law requires the District to report its investments each calendar quarter and upon the conclusion of each fiscal year. The District is required by state law to mark its investments to market price in these reports for the purpose of compliance with applicable accounting principles concerning the contents of the District's audited financial statements.

Estimated Overlapping Debt Statement

The following table indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the assessed valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes. 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. Further, certain of the entities listed below may have issued additional bonds since the date cited.

Taxing Body	Direct Debt	As of	Percent Overlapping Direct Debt	Overlapping Direct Debt	
Clear Creek ISD	$1,093,530,000	08/31/2026	0.04%	$437,412	
College of the Mainland	138,635,000	08/31/2026	0.68%	942,718	
Dickinson ISD	416,310,000	08/31/2026	1.57%	6,536,067	
Galveston Co.	126,960,000	08/31/2026	0.26%	330,096	
League City, City of	228,255,000	08/31/2026	0.96%	2,191,248	
Santa Fe ISD	56,660,000	08/31/2026	(a)	0	
Total Overlapping Debt:				$10,437,541	
The District:				$30,670,000	(b)
Total Direct and Overlapping Debt:				$41,107,541	
Total Direct and Overlapping Debt Percent of Taxable Assessed Value as of January 1, 2026:				23.16%	

(a) Less than 0.01%.
(b) Includes the Bonds and the Outstanding Bonds.

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OPERATING STATEMENT

The following is a summary of the District's operating fund activity for the fiscal years 2023 through 2026. The summary below has been prepared by the Municipal Advisor based upon information obtained from the District's audited financial statements for the years 2023 – 2026. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended May 31			
	2026	2025	2024	2023
Property Taxes	$391,538	$271,063	$2,076	$2,412
Penalties and interest	0	0	88	336
Miscellaneous	0	0	70	90
Investment Earnings	3,279	1,396	35	10
Total	$394,817	$272,459	$2,269	$2,848
Professional Fees	111,600	164,072	162,358	99,621
Contracted Services	24,863	21,700	10,026	9,057
Repairs & Maintenance	179,826	110,165	81,540	25,735
Administrative	21,735	19,124	17,317	14,073
Other	6,851	8,445	4,591	1,383
Total	$344,875	$323,506	$275,832	$149,869
Excess Revenues (Expenditures)	49,942	(51,047)	(273,563)	(147,021)
Other Financing Sources				
Developer Advances	100,000	115,000	293,265	123,000
Internal Transfers		30,000		
Net Change in Fund Balances	149,942	93,953	19,702	(24,021)
Fund Balance Beginning of Year	86,187	(7,766)	(27,468)	(3,447)
Fund Balance Year End	$236,129	$86,187	($7,766)	($27,468)

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DEBT SERVICE REQUIREMENTS

The following schedule sets forth the annual debt service requirements of the Outstanding Bonds, as well as the principal and interest requirements on the Bonds.

		The Bonds				
Year End 12/31	Outstanding Debt Service	Principal Due 9/1	Interest Due 3/1	Interest Due 9/1	Total Principal & Interest	Total
2027	$1,777,895.30	$0.00	$46,311.81	$85,062.50	$131,374.31	$1,909,269.61
2028	1,898,787.48	55,000.00	85,062.50	85,062.50	225,125.00	2,123,912.48
2029	1,891,849.98	55,000.00	82,931.25	82,931.25	220,862.50	2,112,712.48
2030	1,882,574.98	60,000.00	80,800.00	80,800.00	221,600.00	2,104,174.98
2031	1,865,924.98	65,000.00	78,475.00	78,475.00	221,950.00	2,087,874.98
2032	1,862,262.48	65,000.00	75,956.25	75,956.25	216,912.50	2,079,174.98
2033	1,843,062.48	70,000.00	73,437.50	73,437.50	216,875.00	2,059,937.48
2034	1,846,387.48	75,000.00	70,725.00	70,725.00	216,450.00	2,062,837.48
2035	1,843,137.48	75,000.00	67,818.75	67,818.75	210,637.50	2,053,774.98
2036	1,847,299.98	80,000.00	65,100.00	65,100.00	210,200.00	2,057,499.98
2037	1,854,837.48	85,000.00	63,000.00	63,000.00	211,000.00	2,065,837.48
2038	1,865,549.98	90,000.00	60,768.75	60,768.75	211,537.50	2,077,087.48
2039	1,873,699.98	95,000.00	58,406.25	58,406.25	211,812.50	2,085,512.48
2040	1,879,562.48	100,000.00	55,912.50	55,912.50	211,825.00	2,091,387.48
2041	1,877,218.72	100,000.00	53,287.50	53,287.50	206,575.00	2,083,793.72
2042	1,887,718.72	105,000.00	50,662.50	50,662.50	206,325.00	2,094,043.72
2043	1,899,743.72	115,000.00	47,906.25	47,906.25	210,812.50	2,110,556.22
2044	1,898,737.48	120,000.00	44,887.50	44,887.50	209,775.00	2,108,512.48
2045	1,899,624.96	125,000.00	41,737.50	41,737.50	208,475.00	2,108,099.96
2046	1,912,881.22	130,000.00	38,456.25	38,456.25	206,912.50	2,119,793.72
2047	1,912,474.98	135,000.00	35,043.75	35,043.75	205,087.50	2,117,562.48
2048	1,914,187.48	145,000.00	31,500.00	31,500.00	208,000.00	2,122,187.48
2049	1,922,518.72	250,000.00	27,693.75	27,693.75	305,387.50	2,227,906.22
2050	1,927,274.98	260,000.00	21,131.25	21,131.25	302,262.50	2,229,537.48
2051	1,202,512.48	270,000.00	14,306.25	14,306.25	298,612.50	1,501,124.98
2052	423,731.24	275,000.00	7,218.75	7,218.75	289,437.50	713,168.74
	$46,711,457.24	$3,000,000.00	$1,378,536.81	$1,417,287.50	$5,795,824.31	$52,507,281.55

Combined Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (Calendar Years 2027 – 2052): $2,019,511

Combined Maximum Annual Debt Service Requirement of the Bonds and the Outstanding Bonds (Calendar Year 2050): $2,229,537

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TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate and amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under the caption "THE BONDS – Source and Security for Payment." The Board is also authorized to levy and collect annual ad valorem taxes for the administration and maintenance of the District and the System and for the payment of certain contractual obligations if such taxes are authorized by vote of the District's electors at an election. The District's electors have authorized the levy of such a maintenance tax in the maximum amount of $1.50 per $100 of assessed valuation for water, sewer, drainage facilities, and parks, and a maintenance tax for roads in the maximum amount of $0.25 per $100 of assessed valuation, and the District levied a maintenance tax of $0.25 per $100 of Assessed Valuation in 2026. See "TAX DATA – Maintenance Tax" and – "Tax Collections."

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State 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. For the tax year 2026, the District has rejected exemptions to residential homesteads of persons 65 years or older and certain disabled persons. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed 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.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by May 1. The District does not grant a residential homestead exemption at this time.

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said

property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Galveston County, Texas may designate all or part of the area within the District as a reinvestment zone. The City also may designate property within its boundaries or its extraterritorial jurisdiction as a reinvestment zone. Thereafter, Galveston County, Texas, the District, or the City at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. The terms of all tax abatement agreements need not be the same.

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") establishes an appraisal district and an appraisal review board in each county of the State. The appraisal district is governed by a board of directors elected by the governing bodies of cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district and of the county. The District is entitled to vote upon and participate in the selection of members of the board of directors of the GCAD. The board of directors selects a chief appraiser to manage the appraisal office of the appraisal district. All taxing units within Galveston County, including the District, are included in the GCAD. GCAD is responsible for appraising property within the District, subject to review by the Galveston Central Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax rolls and tax rate. The valuation and assessment of taxable property within the District is governed by the Property Tax Code.

Under current Texas law, the District is responsible for the levy and collection of its taxes and will continue to be so responsible unless the Board of the District, or the qualified voters of the District or of Galveston County at an election held for such purpose, determines to transfer such functions to the GCAD or another taxing unit.

Valuation of Property for Taxation

Generally, all taxable property in the District (other than any qualifying agricultural and timberland) must be appraised at 100% of market value as of January 1 of each tax year, subject to review and approval by the Appraisal Review Board. However, houses held for sale by a developer or builder which remain unoccupied, are not leased or rented and produce no income, are required to be assessed at the price for which they would sell as a unit to a purchaser who would continue the owner's business. Implementation of this amendment could reduce the assessed value of builder inventory within the District if any single-family residential development and building were to occur. See "TAX DATA – Principal Taxpayers" below. The Property Tax Code requires each appraisal district to implement a plan providing for reappraisal 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 GCAD or whether reappraisals will be conducted on a zone or county-wide basis.

The Property Tax Code permits land designated for agricultural use 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. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. If a claimant receives the 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, land and timberland, prior to the loss of the

designation.

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 chief appraiser must give written notice on May 15, or as soon thereafter as practicable to each owner if the appraised value of his property is greater than it was in the preceding year, if the appraised value of the property is greater than the value rendered by the property owner, or if the property was not on the appraisal roll in the preceding year. In addition, the chief appraiser must give written notice to each property owner whose property was reappraised in the current year or if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any owner who has timely filed notice with the appraisal review board may appeal the final determination by the appraisal review board by filing suit in Texas district court. Prior to such appeal and prior to the delinquency date, however, the owner must pay the tax due on the amount of value of the property involved that is not in dispute or the amount of tax paid in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In the event of such suit, the value of the property is determined by the court, or a jury if requested by any party. Additionally, the District is entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records, or the grant in whole or in part of a partial exemption. The District may not, however, protest a valuation of individual property. The rate of taxation is set by the Board based upon the assessed valuation of property within the District as of the preceding January 1 and the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations.

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

Disaster Exemption

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property 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 values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

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 Rate 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 can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service tax rates 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 Low Tax Rate Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

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 Property 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 operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance 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 operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

A determination as to a district's status as a 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. In tax year 2026, the Board qualified the District as a Developing District.

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. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of the District based upon a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. The owner of a residential homestead property who is a person sixty-five (65) years of age or older or under a disability for the purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the person who owns or acquires the property on 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 taxes, penalties, and interest ultimately imposed for the year upon the property. The District's tax lien is on a parity with the tax liens of the other jurisdictions levying taxes on property within the District. 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. In the absence of such federal law, the District's tax lien takes priority over a lien of the United States. In the event a taxpayer fails to make timely payment of taxes due the District, the District may file suit at any time after taxes become delinquent to foreclose its 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 also be adversely affected by the amount of taxes owed to other federal, state and local taxing jurisdictions, by the effects of market conditions on the foreclosure sales price, by the taxpayer's right to redeem the property within two years of foreclosure, or by bankruptcy proceedings which restrain or stay the collection of a taxpayer's debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

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TAX DATA

Classification of Assessed Valuation

The following table illustrates the composition of property located within the District since 2023.

	2026 Assessed Valuation	2025 Assessed Valuation	2024 Assessed Valuation	2023 Assessed Valuation
Land	$67,456,299	$43,106,136	$31,190,091	$9,496,900
Improvements	122,087,341	100,029,887	16,664,955	0
Personal Property	124,880	39,510	23,370	0
	$189,668,520	$143,175,533	$47,878,416	$9,496,900
Exemptions	(12,201,845)	(10,685,736)	(5,574,161)	(9,303,340)
Total	$177,466,675	$132,489,797	$42,304,255	$193,560

Tax Collections

The following statement of tax collections set forth is the tax collections of the District for the past five (5) tax years. Such summary has been prepared by the Municipal Advisor for inclusion herein based upon information obtained from records of the District's Tax Assessor/Collector. Reference is made to such records for further and more complete information.

Tax Year	Assessed Valuation	Tax Rate	Levy	Collections Through July 31, 2026 Amount	%
2022	$193,580	$1.000	$1,936	$1,936	100.00%
2023	193,560	1.000	1,936	1,936	100.00%
2024	42,304,255	1.000	422,964	422,964	100.00%
2025	132,489,797	1.100	1,440,537	1,423,836	98.84%
2026	$177,466,675	1.150	2,040,867	[(a)]	[(a)]

(a) In process of collection.

District Tax Rates

	2026	2025	2024	2023	2022
System Debt Service Fund	$0.470	$0.250	$0.110	$0.000	$0.000
Road System Debt Service Fund	$0.430	$0.550	$0.240	$0.000	$0.000
Maintenance & Operations	$0.250	$0.300	$0.650	$1.000	$1.000
Total	$1.150	$1.100	$1.000	$1.000	$1.000

Tax Rate Limitation

System Debt Service: Unlimited (no legal limit as to rate or amount).
Road System Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance: $1.50 per $100 of assessed valuation.
Road Maintenance: $0.25 per $100 of assessed valuation.

Maintenance Tax

The Board of the District has the statutory authority to levy and collect an annual ad valorem tax for operation and maintenance of the District and its improvements, if such maintenance tax is authorized by a vote of the District's electorate. The District's electors have authorized the levy of such a maintenance tax in the maximum amount of $1.50 per $100 of assessed valuation for water, sewer, drainage and park facilities, and a maintenance tax for roads in the maximum amount of $0.25 per $100 of assessed valuation, and the District levied a maintenance tax of $0.25 per $100 of Assessed Valuation in 2026. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any parity bonds which may be issued in the future.

Principal Taxpayers

The following list of top ten principal taxpayers was provided by the District's Tax Assessor/Collector based on the 2026 tax rolls of the District, which reflect ownership as of January 1 of each year.

Taxpayer	Property Type	2026	% of 2026 Assessed Value[(b)]
Lennar Homes of Texas Land[(a)]	Developer	$31,086,566	17.52%
Trinity Peak Living	Residential Land	922,118	0.52%
Homeowner	Personal Property	518,830	0.29%
Homeowner	Personal Property	463,630	0.26%
Homeowner	Personal Property	463,000	0.26%
Homeowner	Personal Property	460,010	0.26%
Homeowner	Personal Property	456,320	0.26%
Homeowner	Personal Property	420,290	0.24%
Homeowner	Personal Property	420,000	0.24%
Homeowner	Personal Property	417,610	0.24%
Total		$35,628,374	20.08%

(a) Developer within the District. See "THE DEVELOPER."
(b) The calculation of the percent of principal taxpayers is based upon the 2026 Taxable Assessed Valuation provided by GCAD.

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 Outstanding Bonds and the Bonds if no growth in the District occurs beyond the January 1, 2026 Certified Taxable Assessed Valuation or the May 1, 2026 Estimate of Taxable Assessed Valuation. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District except the Bonds.

Combined Average Annual Debt Service Requirements (2027 – 2052)	$2,019,511
Tax Rate of $1.20 on the January 1, 2026 Certified Taxable Assessed Valuation produces	2,023,120
Tax Rate of $1.04 on the May 1, 2026 Estimate of Assessed Valuation produces	2,031,499
Combined Maximum Debt Service Requirement (2050)	$2,229,537
Tax Rate of $1.33 on the January 1, 2026 Certified Taxable Assessed Valuation produces	2,242,291
Tax Rate of $1.15 on the May 1, 2026 Estimate of Assessed Valuation produces	2,246,370

Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all taxes levied upon property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT – 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.

Overlapping Entity	2026 Tax Rate per $100 AV	2026 Tax Rate per $100 AV	2026 Tax Rate per $100 AV
City of League City	$0.356505	$0.356505	$0.356505
Galveston County	0.324068	0.324068	0.324068
Mainland College [(a)]	0.263800	0.263800	0.263800
Santa Fe ISD ("SFISD") [(b)]	1.072300	-	-
Dickinson ISD ("DISD") [(b)]	-	1.130000	-
Clear Creek ISD ("CCISD") [(b)]	-	-	0.969000
The District	1.150000	1.150000	1.150000
Total	$3.166673	$3.224373	$3.063373

_____
(a) Represents the 2025 tax rate.
(b) The District encompasses land within Santa Fe ISD, Dickinson ISD and Clear Creek ISD. Taxpayers within the District are subject to only one school district tax.

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MANAGEMENT OF THE DISTRICT

The District is governed by a Board, consisting of five directors. The Board has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms. Elections are held in May of even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below.

Name	Position	Term Expires May
Linda Dixon	President	2028
Carolyn Chapman	Vice President	2030
Linda Bordeau	Secretary	2030
Chuck Atkins	Assistant Secretary	2028
Diane Perillo	Assistant Vice President	2028

The District does not have a general manager but has contracted for services, as follows:

Bookkeeper – The District has engaged Myrtle Cruz, Inc. as the District's Bookkeeper.

Tax Assessor/Collector – The tax assessor/collector for the District is the Assessments of the Southwest, Inc.

District Engineer – The District has engaged the firm LJA Engineering, Inc., Katy, Texas as District Engineer.

General Counsel – The District has engaged The Muller Law Group, PLLC, Sugar Land, Texas, as General Counsel and Bond Counsel in connection with the issuance of the Bonds. The fees paid to Bond Counsel by the District for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds. See "LEGAL MATTERS" and "TAX EXEMPTION."

Disclosure Counsel – The District has engaged Orrick, Herrington & Sutcliffe LLP ("Disclosure Counsel"), Houston, Texas, as Disclosure Counsel in connection with the issuance of the Bonds. The fees paid to Disclosure Counsel by the District for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds. See "LEGAL MATTERS" and "TAX EXEMPTION."

District Operator of Water and Sewer Facilities – The District's water and sewer system is operated by the City pursuant to the Utility Agreement between the District and League City. See "UTILITY SERVICE AGREEMENT BETWEEN THE DISTRICT AND LEAGUE CITY."

Auditor – The financial statements of the District as of May 31, 2026, and for the year then ended, included in this offering document, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See "Appendix A."

Municipal Advisor – The District has engaged RBC Capital Markets, LLC (RBCCM) 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.

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UTILITY SERVICE AGREEMENT BETWEEN THE DISTRICT AND LEAGUE CITY

Description

All land in the District is located within the city limits of League City. Shortly after the District was created, the District approved and ratified a Utility Agreement with League City dated January 22, 2019 (the "Utility Agreement"). The Utility Agreement obligates the District to acquire, construct, and extend water, sanitary sewer and drainage and road facilities (the "System") to serve land in the District and, when completed in accordance with approved plans and specifications, the District is required to convey title to such utility facilities to League City. League City then operates and maintains such facilities, and is responsible for establishing water and sewer rates and collection charges for water and sewer service from District residents. League City also levies and collects ad valorem taxes on taxable property within the District just as it does with any other property located in League City. As specified in the Utility Agreement, the District is a "City Service" district and no rebate of City taxes is made by the City.

The Utility Agreement provides certain limitations related to the issuance of bonds payable from ad valorem taxes and the District must receive City consent prior to the sale of any such bonds.

The Utility Agreement provides that the District retains a security interest in the System to secure League City's performance under the Utility Agreement until the District's bonds have been discharged. The District will then execute a release of such security interest, and League City will then own the System free and clear.

The District has agreed to extend the System to serve future users as necessary so that ultimately all land owners in the District will be in a position to receive services from the System; however, the District's obligation to extend the system is conditioned upon League City performing under the provisions of the Utility Agreement, the satisfaction of certain determinations of economic feasibility, governmental agency approvals and the ability of the District to sell bonds.

THE SYSTEM

Water, Sanitary Sewer, and Drainage System

According to the District's Engineer, LJA Engineering, Inc. ("Engineer"), the System has been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ and the City. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies.

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

Source of Water Supply: Water supply for League City is obtained from three sources: 1) existing groundwater wells; 2) surface water as a participant through the Gulf Coast Water Authority in the City of Houston's Southeast Water Purification Plant; and 3) surface water from the Gulf Coast Water Authority from the Thomas Mackey Water Purification Plant. Water from these three sources is delivered to League City's nine water plants and from there distributed to retail customers such as the residents of the District.

Source of Wastewater Treatment: The District has constructed a lift station, force main and gravity trunk sewer to connect to the City's regional sewer system, which flows to the City's Southwest Water Reclamation Facility. This plant has sufficient capacity to serve the District through build out.

100-Year Flood Plain

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

None of the developable acreage within the District is located within the 100-year flood plain. Additionally, the

District's storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location.

THE ROAD SYSTEM

Construction of the District's Road System is subject to regulations by the City. The roads in the District are constructed with reinforced concrete pavement with curbs on lime stabilized subgrade. In accordance with the City's Master Mobility Plan, minor arterial boulevards and collector roads will continue to be constructed and remaining streets will provide local interior service within the District. The Road System also includes, or will include, streetlights and franchise utilities (power, phone and cable). Public utilities such as water, wastewater and storm drainage are typically located within street rights-of-way. The Road System is maintained by the City and consists, or will consist upon completion, of the internal roadways adequate for serving the single-family homes within the District. The roads within the District vary in width in accordance with standards adopted by the City, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District. There have been two prior issuances of Road Bonds issued and sold by the District to fund various road improvements and related land acquisition costs within the District. As described under "USE AND DISTRIBUTION OF BOND PROCEEDS," a portion of the proceeds of the Bonds will be used to reimburse the Developer for the costs associated with certain road improvements and to pay certain land acquisition costs of the District for the portion of the Road System serving Sections 6,7,8, Ervin Street Phase III, and Landing Blvd. Phase I & Samara Way of the Samara Development within the District.

LEGAL MATTERS

Legal Proceedings

The District will furnish the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds. Such transcript will include a copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the levy of ad valorem taxes without limitation as to rate or amount. The District will also furnish the legal opinion of The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Texas Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against taxable property within the District and that interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes as further described in "TAX EXEMPTION."

In its capacity as Bond Counsel, The Muller Law Group, PLLC, has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Proceedings," "TAX EXEMPTION" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes the procedures, law and documents referred to therein and conforms to the requirements of applicable laws and ordinances of League City with regard to the sale of the Bonds. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has Bond Counsel conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of the information contained in this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinions of any kind with regard to, the accuracy or completeness of any of the other factual information contained herein.

No Arbitrage

The District will certify on the date the Bonds are delivered and paid for that based upon all facts and estimates now known or reasonably expected to be in existence, 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 Section 148 of the Internal Revenue Code of 1986 (the "Code") and the regulations prescribed from time to time 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 have been authorized to certify to the facts, 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 will covenant in the Bond Resolution that it will make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds and take such other and further actions and follow such procedures, including without limitation, calculation of the yield

on the Bonds, as may be required so that the Bonds will not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

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 from that set forth or contemplated in the PRELIMINARY OFFICIAL STATEMENT.

No-Litigation Certificate

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

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the District to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*", 63 Bus. Law. 1277 (2008) and "*Legal Opinion Principles*", 53 Bus. Law. 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals – Bond Counsel's opinion states that under current law interest on the Bonds is not an item of tax preference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the Bonds is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021 that exceeds $1 billion.

Other Tax Matters

The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Bonds"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

SOURCES OF INFORMATION

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Galveston Central 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 under the caption "Certification of Official Statement." 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. The financial statements of the District as of May 31, 2026, and for the year then ended, included in this offering document, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Consultants

The information contained in this Official Statement relating to engineering, to the description of the System generally and, in particular, the engineering information included in the sections captioned "THE SYSTEM" and "THE ROAD SYSTEM" has been provided by LJA Engineering, Inc., Katy, Texas. Such information 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 the assessed valuations of property generally and, in particular, that information concerning principal taxpayers, tax collection rates and valuations contained in the sections captioned "TAX DATA" and "SELECTED FINANCIAL INFORMATION" has been provided by the Galveston Central Appraisal District and the Galveston County Tax Office.

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 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.

Certification of Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the information, descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the Date of Delivery were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data contained in this Official Statement, of or pertaining to entities other than the District and their activities are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; however, the District has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

CONTINUING DISCLOSURE OF INFORMATION

As required by Rule 15c2-12 of the SEC (the "Rule"), and in the Bond Resolution, 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, which is customarily prepared by the District and publicly available, annually to the MSRB. The financial information and operating data which will be provided with respect to the District is found in the sections titled "SELECTED FINANCIAL INFORMATION" (except "Estimated Overlapping Debt Statement") and "TAX DATA" and in APPENDIX A (Independent Auditor's Report and Financial Statements and certain supplemental schedules). The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 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 EMMA within such six-month period, and audited financial statements when the audit report becomes available. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule.

The District's fiscal year end is currently May 31. Accordingly, it must provide updated information by the last day of November, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

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

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. 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 material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its

usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement only if (1) the amendment is made in connection with a change in circumstances that arise from a change in legal requirements, change in law, or change in the identity, nature, or status of the District; (2) the agreement, as amended, would have complied with SEC Rule 15c2-12 at the date of sale of the Bonds, taking into account any amendments or interpretations of the SEC Rule 15c2-12 as well as any change in circumstances; and (3) the District receives an opinion of nationally recognized bond counsel to the effect that the amendment does not materially impair the interests of the holders and beneficial owners of the Bonds. If any such amendment is made, the District will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

Compliance with Prior Undertakings

The District has no known failure to comply in all material respects with its prior continuing disclosure undertaking pursuant to Rule 15c2-12.

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This Official Statement is duly approved by the Board of the District as of the date specified on the first page hereof.

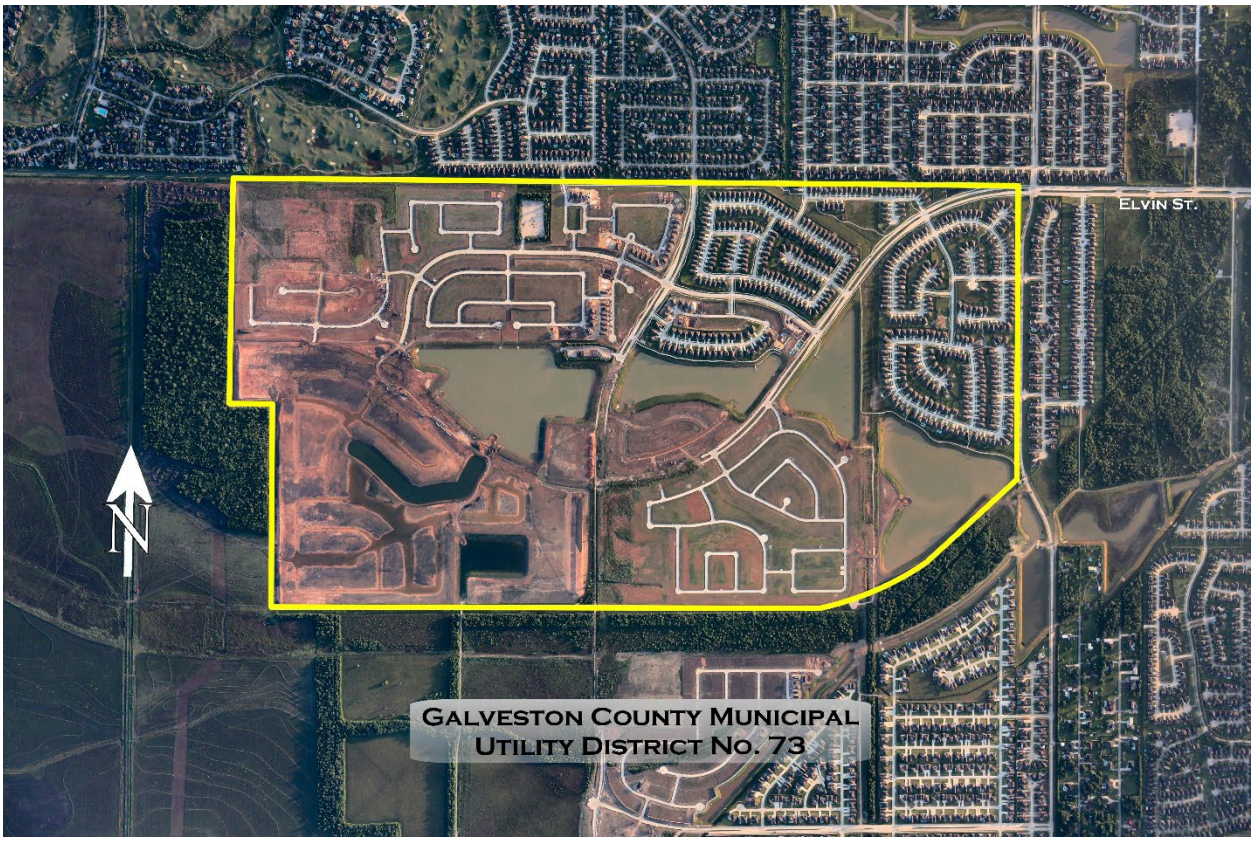
/s/ _____
Linda Dixon
President, Board of Directors
Galveston County Municipal Utility District No. 73

ATTEST:

/s/ _____
Linda Bordeau
Secretary, Board of Directors
Galveston County Municipal Utility District No. 73

AERIAL PHOTOGRAPH

(July 2026)



DISTRICT PHOTOGRAPHS

(June 2026)

















APPENDIX A

Independent Auditor’s Report and Financial Statements for the Year Ended May 31, 2026

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 73

GALVESTON COUNTY, TEXAS

FINANCIAL REPORT

May 31, 2026

Table of Contents

	Schedule	Page
Independent Auditor's Report		1
Management's Discussion and Analysis		7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances		17
Notes to Financial Statements		19
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		36
Notes to Required Supplementary Information		37
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	40
General Fund Expenditures	TSI-2	42
Investments	TSI-3	43
Taxes Levied and Receivable	TSI-4	44
Long-Term Debt Service Requirements by Years	TSI-5	45
Change in Long-Term Bonded Debt	TSI-6	50
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	52
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	54
Board Members, Key Personnel, and Consultants	TSI-8	55

McGRATH & CO., PLLC

Certified Public Accountants
2950 North Loop West, Suite 810
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Galveston County Municipal Utility District No. 73
Galveston County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Galveston County Municipal Utility District No. 73 (the "District"), as of and for the year ended May 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 each major fund of Galveston County Municipal Utility District No. 73, as of May 31, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information 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 Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas
September 8, 2026

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Galveston County Municipal Utility District No. 73 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2026. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at May 31, 2026, was negative $47,326,995. The District's net position is negative because the District incurs debt to construct water, sewer, drainage, and road facilities which it conveys to the City of League City. Additionally, the District relies on advances from its developer to fund operating costs. A comparative summary of the District's overall financial position, as of May 31, 2026 and 2025, is as follows:

	2026	2025
Current and other assets	$ 1,952,828	$ 895,708
Capital assets	13,668,338	10,169,137
Total assets	15,621,166	11,064,845
Current liabilities	517,281	172,771
Long-term liabilities	62,430,880	47,610,943
Total liabilities	62,948,161	47,783,714
Net position		
Net investment in capital assets	(1,747,487)	(807,461)
Restricted	1,137,454	336,242
Unrestricted	(46,716,962)	(36,247,650)
Total net position	$ (47,326,995)	$ (36,718,869)

The total net position of the District decreased during the current fiscal year by $10,608,126. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2026	2025
Revenues		
Property taxes, penalties and interest	$ 1,451,832	$ 423,443
Other	31,731	14,286
Total revenues	1,483,563	437,729
Expenses		
Operating and administrative	513,720	738,658
Debt interest and fees	811,227	304,965
Developer interest	1,245,986	675,284
Debt issuance costs	839,841	500,067
Depreciation and amortization	187,739	129,767
Total expenses	3,598,513	2,348,741
Change in net position before other items	(2,114,950)	(1,911,012)
Other items		
Transfers to other governments	(8,493,176)	(14,764,336)
Change in net position	(10,608,126)	(16,675,348)
Net position, beginning of year	(36,718,869)	(20,043,521)
Net position, end of year	$ (47,326,995)	$ (36,718,869)

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2026, were $1,622,660, which consists of $236,129 in the General Fund, $1,376,325 in the Debt Service Fund, and $10,206 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 262,363	$ 137,400
Total liabilities	$ 19,940	$ 47,861
Total deferred inflows	6,294	3,352
Total fund balance	236,129	86,187
Total liabilities, deferred inflows and fund balance	$ 262,363	$ 137,400

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2026	2025
Total revenues	$ 394,817	$ 272,459
Total expenditures	(344,875)	(323,506)
Revenues over (under) expenditures	49,942	(51,047)
Other changes in fund balance	100,000	145,000
Net change in fund balance	$ 149,942	$ 93,953

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- The District's developer advances funds to the District as needed to pay operating costs.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of May 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 1,404,119	$ 461,152
Total liabilities	$ 8,010	$ 1,016
Total deferred inflows	19,784	2,476
Total fund balance	1,376,325	457,660
Total liabilities, deferred inflows and fund balance	$ 1,404,119	$ 461,152

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2026	2025
Total revenues	$ 1,068,337	$ 159,287
Total expenditures	(682,792)	(191,758)
Revenues over (under) expenditures	385,545	(32,471)
Other changes in fund balance	533,120	490,131
Net change in fund balance	$ 918,665	$ 457,660

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from property tax revenues and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of May 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 85,275	$ 5,474
Total liabilities	$ 75,069	$ -
Total fund balance	10,206	5,474
Total liabilities and fund balance	$ 85,275	$ 5,474

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2026	2025
Total revenues	$ 159	$ 156
Total expenditures	(10,358,307)	(10,243,933)
Revenues under expenditures	(10,358,148)	(10,243,777)
Other changes in fund balance	10,362,880	10,249,251
Net change in fund balance	$ 4,732	$ 5,474

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2025 Unlimited Tax Bonds and Series 2025 Unlimited Tax Road Bonds in the current fiscal year and the sale of its Series 2024 Unlimited Tax Bonds and Series 2024 Unlimited Tax Road Bonds in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $25,374 less than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at May 31, 2026 and 2025, are summarized as follows:

	2026	2025
Capital assets not being depreciated		
Land and improvements	$ 9,208,924	$ 6,770,464
Capital assets being depreciated/amortized		
Interest in joint facilities	216,289	216,289
Landscape improvements	2,972,689	1,724,209
Impact fees	1,740,636	1,740,636
	4,929,614	3,681,134
Less accumulated depreciation/amortization		
Interest in joint facilities	(54,070)	(48,663)
Landscape improvements	(266,934)	(134,334)
Impact fees	(149,196)	(99,464)
	(470,200)	(282,461)
Depreciable capital assets, net	4,459,414	3,398,673
Capital assets, net	$ 13,668,338	$ 10,169,137

Capital asset additions during the current fiscal year include the following:

- Detention Pond No. 1 (24.15 acres)
- Detention Pond No. 2 (24.15 acres)
- Samara Section 6 and 8 – hardscape improvements
- Samara Section 3, 4, and 5 – softscape improvements
- Ervin Phase 2 – softscape

The District and the City of League City (the "City") have entered into an agreement which obligates the District to construct water, wastewater, and certain storm drainage facilities to serve the District and, when completed, to convey title to the facilities to the City. Detention and park and recreational facilities and certain other capital assets are retained by the District. For the year ended May 31, 2026, capital assets in the amount of $8,493,176 have been completed and recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 11.

Long-Term Debt and Related Liabilities

As of May 31, 2026, the District owes approximately $40,760,880 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $42,740,000 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At May 31, 2026 and 2025, the District had total bonded debt outstanding as shown below:

Series	2026	2025
2024	$ 3,420,000	$ 3,420,000
2024 Road	7,485,000	7,485,000
2025	6,000,000	
2025 Road	5,000,000	
	$ 21,905,000	$ 10,905,000

During the current fiscal year, the District issued $6,000,000 in unlimited tax bonds and $5,000,000 in unlimited tax road bonds. At May 31, 2026, the District had $434,280,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District and $44,370,000 for refunding of such bonds; $113,000,000 for parks and recreational facilities and $11,300,000 for the refunding of such bonds; $274,515,000 for road improvements and $28,700,000 for refunding of such bonds.

Property Taxes

The District's property tax base increased approximately $46,509,000 for the 2025 tax year from $130,957,930 to $177,466,675, based on certified values. This increase was primarily due to new construction in the District and increased property values. For the 2026 tax year, the District will levy a maintenance tax rate of $0.25 per $100 of assessed value, a debt service tax rate of $0.47 per $100 of assessed value, and a road debt service tax rate of $0.43 per $100, for a total combined tax rate of $1.15 per $100 of assessed value. Tax rates for the 2025 tax year were $0.30 per $100 for maintenance and operations, $0.25 per $100 for debt service, and $0.55 per $100 for road debt service for a combined total of $1.10 per $100 of assessed value.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes, the projected cost of operating the District, and developer advances required to fund operating costs. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2026 Actual	2027 Budget
Total revenues	$ 394,817	$ 380,000
Total expenditures	(344,875)	(380,684)
Revenues over (under) expenditures	49,942	(684)
Other changes in fund balance	100,000	95,000
Net change in fund balance	149,942	94,316
Beginning fund balance	86,187	236,129
Ending fund balance	$ 236,129	$ 330,445

Basic Financial Statements

Galveston County Municipal Utility District No. 73
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 5,735	$ 77,326	$ 84,186	$ 167,247	$ -	$ 167,247
Investments	170,941	1,304,858	1,089	1,476,888		1,476,888
Taxes receivable	6,294	19,784		26,078		26,078
Interfund receivables	79,393			79,393	(79,393)	
Other receivables		2,151		2,151		2,151
Prepaid bond insurance, net					280,464	280,464
Capital assets not being depreciated					9,208,924	9,208,924
Capital assets, net					4,459,414	4,459,414
Total Assets	$ 262,363	$ 1,404,119	$ 85,275	$ 1,751,757	13,869,409	15,621,166
Liabilities						
Accounts payable	$ 19,940	$ -	$ -	$ 19,940		19,940
Other payables		3,686		3,686		3,686
Interfund payables		4,324	75,069	79,393	(79,393)	
Accrued interest payable					258,655	258,655
Due to developer					40,760,880	40,760,880
Long-term debt						
Due within one year					235,000	235,000
Due after one year					21,670,000	21,670,000
Total Liabilities	19,940	8,010	75,069	103,019	62,845,142	62,948,161
Deferred Inflows of Resources						
Deferred property taxes	6,294	19,784		26,078	(26,078)	
Fund Balances/Net Position						
Fund Balances						
Restricted		1,376,325	10,206	1,386,531	(1,386,531)	
Unassigned	236,129			236,129	(236,129)	
Total Fund Balances	236,129	1,376,325	10,206	1,622,660	(1,622,660)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 262,363	$ 1,404,119	$ 85,275	$ 1,751,757		
Net Position						
Net investment in capital assets					(1,747,487)	(1,747,487)
Restricted for debt service					1,137,454	1,137,454
Unrestricted					(46,716,962)	(46,716,962)
Total Net Position					$ (47,326,995)	$ (47,326,995)

See notes to basic financial statements.

Galveston County Municipal Utility District No. 73
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 391,538	$ 1,033,550	$ -	$ 1,425,088	$ 17,921	$ 1,443,009
Penalties and interest		6,494		6,494	2,329	8,823
Miscellaneous		190		190		190
Investment earnings	3,279	28,103	159	31,541		31,541
Total Revenues	394,817	1,068,337	159	1,463,313	20,250	1,483,563
Expenditures/Expenses						
Operating and administrative						
Professional fees	111,600		150,809	262,409		262,409
Contracted services	24,863	14,818		39,681		39,681
Repairs and maintenance	179,826			179,826		179,826
Administrative	21,735	2,726		24,461		24,461
Other	6,851		492	7,343		7,343
Capital outlay			8,121,179	8,121,179	(8,121,179)	
Debt service						
Interest and fees		665,248		665,248	145,979	811,227
Developer interest			1,245,986	1,245,986		1,245,986
Debt issuance costs			839,841	839,841		839,841
Depreciation and amortization					187,739	187,739
Total Expenditures/Expenses	344,875	682,792	10,358,307	11,385,974	(7,787,461)	3,598,513
Revenues Over (Under) Expenditures/Expenses	49,942	385,545	(10,358,148)	(9,922,661)	7,807,711	(2,114,950)
Other Financing Sources (Uses)						
Proceeds from sale of bonds		533,120	10,466,880	11,000,000	(11,000,000)	
Developer advances	100,000			100,000	(100,000)	
Repayment of operating advances			(104,000)	(104,000)	104,000	
Other Items						
Transfers to other governments					(8,493,176)	(8,493,176)
Net Change in Fund Balances	149,942	918,665	4,732	1,073,339	(1,073,339)	
Change in Net Position					(10,608,126)	(10,608,126)
Fund Balance/Net Position						
Beginning of the year	86,187	457,660	5,474	549,321	(37,268,190)	(36,718,869)
End of the year	$ 236,129	$ 1,376,325	$ 10,206	$ 1,622,660	$ (48,949,655)	$ (47,326,995)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Galveston County Municipal Utility District No. 73 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated July 22. 2019, pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on January 19, 2021, and the first bonds were issued on September 19, 2024.

The District is responsible for providing water, sewer, drainage, road, and park facilities within the District. As further discussed in Note 11, the District transfers the water, sewer, and road facilities to the City of League City for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major"

funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and developer advances. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. During the current fiscal year, financial resources also included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, and drainage facilities, roads, and parks and recreation facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Bond Insurance

Prepaid bond insurance reduces the District's borrowing costs and is, therefore, recorded as asset in the government-wide *Statement of Net Position* and amortized to interest expense over the life of the bonds.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At May 31, 2026, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables, and receivables. This activity is eliminated in the government-wide financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is $50,000. The threshold for subscription-based information technology arrangements (SBITAs) is $100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of interest in joint facilities, impact fees, and park improvements, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Interest in joint facilities	Remaining life of contract
Impact fees	Remaining life of contract
Park improvements	20-30 years

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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 externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. 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 an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the City of League City and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 1,622,660
Prepaid bond insurance is recorded as an expenditure at the fund level, but is recorded as a prepaid asset and amortized to interest expense over the life of the bonds in the government-wide statements.		280,464
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 14,138,538	
Less accumulated depreciation/amortization	(470,200)	
		13,668,338
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Accrued interest payable	(258,655)	
Due to developer	(40,760,880)	
Bonds payable, net	(21,905,000)	
		(62,924,535)
Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.		26,078
Total net position - governmental activities		$ (47,326,995)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds		$ 1,073,339
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		20,250
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	$ 8,121,179	
Depreciation/amortization expense	(187,739)	
Transfers to other governments	(8,493,176)	
		(559,736)
Financial reporting for long-term obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as liabilities are acquired and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:		
Interest expense accrual	(145,979)	
Issuance of long-term debt	(11,000,000)	
Developer advances	(100,000)	
Repayment of developer advances	104,000	
		(11,141,979)
Change in net position of governmental activities		$ (10,608,126)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of May 31, 2026, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	$ 170,941		
	Debt Service	1,304,858		
	Capital Projects	1,089		
Total		$ 1,476,888	AAAm	40 days

TexSTAR

The Texas Short Term Asset Reserve fund ("TexSTAR") is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at May 31, 2026, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 4,324	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	75,069	Bond application fees and capital outlay paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2026, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 6,770,464	$ 2,438,460	$ 9,208,924
Capital assets being depreciated/amortized			
Interest in joint facilities	216,289		216,289
Landscape improvements	1,724,209	1,248,480	2,972,689
Impact fees	1,740,636		1,740,636
	3,681,134	1,248,480	4,929,614
Less accumulated depreciation/amortization			
Interest in joint facilities	(48,663)	(5,407)	(54,070)
Landscape improvements	(134,334)	(132,600)	(266,934)
Impact fees	(99,464)	(49,732)	(149,196)
	(282,461)	(187,739)	(470,200)
Subtotal depreciable capital assets, net	3,398,673	1,060,741	4,459,414
Capital assets, net	$ 10,169,137	$ 3,499,201	$ 13,668,338

Depreciation/amortization expense for the current fiscal year was $187,739.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developers, beginning of year	$ 36,705,943
Developer reimbursements	(8,225,179)
Developer funded construction and adjustments	12,284,116
Operating advances from developer	100,000
Repayment of operating advances	(104,000)
Due to developers, end of year	$ 40,760,880

In addition, the District will owe the developers approximately $42,740,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount *
Ervin Street, Phase 3 - utilities	$ 610,000
Landing Boulevard, Phase 1 - utilities	2,280,000
Samara Section 7 - utilities	940,000
Samara Section 9 - utilities	2,320,000
Samara Section 9 - paving	1,960,000
Samara Section 10 - utilities	2,490,000
Samara Section 10 - paving	1,670,000
Samara Section 11 - paving	1,170,000
Samara Section 12 - utilities	1,420,000
Samara Section 12 - paving	980,000
Samara Section 13 - utilities	1,570,000
Samara Section 15 - utilities	2,210,000
Samara Section 15 - paving	1,550,000
Samara Section 16 - utilities	4,090,000
Samara Section 16 - paving	2,050,000
Samara Section 17 - utilities	1,010,000
Samara Phase 3 - detention and grading	2,950,000
Landing Boulevard, Phase 2 - utilities	1,870,000
Landing Boulevard Phase 2 and Ervin Street Phase 4 - Paving	1,810,000
Samara Phase 4 - clearing and grubbing and detention and grading	4,540,000
Samara Section 17 - paving	750,000
Samara Section 13 - paving	1,070,000
Samara Section 7 - hardscape and softscape improvements	590,000
Samara Section 9 - hardscape and softscape improvements	550,000
Samara Section 8 - softscape improvements	290,000
Samara Section 10-17, Ervin Phase 3 and Landing Boulevard Phase 2 hardscape	1,770,000
	$ 42,740,000

* Rounded to the nearest $10,000

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 21,905,000
Due within one year	$ 235,000

The District's bonds payable at May 31, 2026, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2024	$ 3,420,000	$ 3,420,000	4.00% - 7.00%	September 1, 2026/2050	September 1, March 1	September 1, 2030
2024 Road	7,485,000	7,485,000	4.00% - 6.50%	September 1, 2026/2050	September 1, March 1	September 1, 2030
2025	6,000,000	6,000,000	4.00% - 6.50%	September 1, 2027/2051	September 1, March 1	September 1, 2030
2025 Road	5,000,000	5,000,000	4.00% - 6.50%	September 1, 2027/2051	September 1, March 1	September 1, 2030
	$ 21,905,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At May 31, 2026, the District had authorized but unissued in the amount of $434,280,000 for water, sewer and drainage facilities and $44,370,000 for the refunding for such bonds; $113,000,000 for parks and recreational facilities and $11,300,000 for the refunding for such bonds; $274,515,000 for road improvements and $28,700,000 for the refunding of such bonds.

On October 16, 2025, the District issued its $6,000,000 Series 2025 Unlimited Tax Bonds at a net effective interest rate of 4.95411%. Proceeds of the bonds were used (1) to reimburse developers for the following: the construction of capital assets within the District; engineering, operating advances; and creation costs, (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

On November 25, 2025, the District issued its $5,000,000 Series 2025 Unlimited Tax Road Bonds at a net effective interest rate of 4.767215%. Proceeds of the bonds were used (1) to reimburse developers for the following: the construction of capital assets within the District; engineering, and the acquisition of land for certain District facilities; (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$	10,905,000
Bonds issued		11,000,000
Bonds payable, end of year	$	21,905,000

As of May 31, 2026, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2027	$ 235,000	$ 1,015,450	$ 1,250,450
2028	480,000	991,876	1,471,876
2029	500,000	959,662	1,459,662
2030	530,000	925,800	1,455,800
2031	555,000	890,124	1,445,124
2032	580,000	852,799	1,432,799
2033	615,000	814,745	1,429,745
2034	640,000	778,225	1,418,225
2035	680,000	747,086	1,427,086
2036	710,000	719,287	1,429,287
2037	740,000	690,288	1,430,288
2038	775,000	659,988	1,434,988
2039	815,000	627,918	1,442,918
2040	855,000	593,851	1,448,851
2041	895,000	557,601	1,452,601
2042	930,000	519,240	1,449,240
2043	975,000	478,769	1,453,769
2044	1,030,000	435,753	1,465,753
2045	1,070,000	390,403	1,460,403
2046	1,115,000	343,041	1,458,041
2047	1,175,000	293,225	1,468,225
2048	1,230,000	240,716	1,470,716
2049	1,280,000	185,769	1,465,769
2050	1,345,000	128,152	1,473,152
2051	1,405,000	67,300	1,472,300
2052	745,000	17,987	762,987
	$ 21,905,000	$ 14,925,055	$ 36,830,055

Note 8 – Property Taxes

On May 12, 2021, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. In addition, the voters of the District authorized the District's Board of Directors to levy taxes annually for road maintenance limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in

paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Galveston Central 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.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2026 fiscal year was financed through the 2025 tax levy, pursuant to which the District levied property taxes of $1.10 per $100 of assessed value, of which $0.30 was allocated to maintenance and operations, $0.25 was allocated to debt service, and $0.55 was allocated to road debt service. The resulting tax levy was $1,440,538 on the adjusted taxable value of $130,957,930.

Property taxes receivable, at May 31, 2026, consisted of the following:

Current year taxes receivable	$	23,078
Penalty and interest receivable		3,000
Property taxes receivable	$	26,078

Note 9 – Transfers to Other Governments

In accordance with an agreement between the District and the City of League City (the "City"), the District transfers all of its water, sewer, drainage and road facilities to the City (see Note 11). Accordingly, the District does not record these capital assets in the Statement of Net Position but instead reports the completed projects as transfers to other governments on the Statement of Activities. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended May 31, 2026, the District reported transfers to other governments in the amount of $8,493,176 for projects completed and transferred to the City.

Note 10 – Cost Sharing and Operating Agreement with Bay Colony West MUD

The District, Bay Colony West Municipal Utility District (BCW MUD), and Galveston County Municipal Utility District No. 74 entered into an Amended and Restated Cost Sharing and Operating Agreement effective as of November 14, 2023, (the "Agreement") for the construction of a detention pond and other drainage improvements. Each district agrees to share the costs of the detention pond and drainage improvements as stated in the Agreement. Upon completion of construction, the detention pond and drainage improvements will be maintained and operated by BCW MUD, which, will bill the District for its pro rata of all reasonable operation and maintenance costs.

Note 11 – Utility Agreement with the City of League City

On January 22, 2019, the District entered into a utility agreement with the City of League City (the "City") for construction and extension of water distribution lines, sanitary sewer collection systems, storm drainage, and road facilities to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is 40 years.

Water and server rates charged by the City to users in the District shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

Note 12 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 13 – Concentration Risk

The District is currently dependent on its developer to finance the construction of infrastructure and to advance funds necessary to finance operating and administrative expenditures. The developer also owns a significant portion of the undeveloped property within the District and is responsible for development of the tax base that will support future operations and debt service. As a result, the District is exposed to a concentration risk related to the developer. If the developer were unable to continue development activities or provide financial support, the District's ability to fund operations and complete infrastructure projects could be adversely affected.

Note 14 – Subsequent Events

On September 10, 2026, the District issued its $6,000,000 Series 2026 Unlimited Tax Bonds at a net effective rate of 4.869627%. Proceeds from the bonds were used to reimburse the District's developers for operating advances and infrastructure improvements in the District.

On September 8, 2026, the District approved a preliminary official statement and notice of sale for its Series 2026 Unlimited Tax Road Bonds in the amount of $3,000,000. The acceptance of bids and award of sale is scheduled for October 13, 2026. Proceeds of the bonds will primarily be used to reimburse developers for amounts currently reported in "Due to developer."

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Required Supplementary Information

Galveston County Municipal Utility District No. 73
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended May 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	$ 490,000	$ 391,538	$ (98,462)
Investment earnings		3,279	3,279
Total Revenues	490,000	394,817	(95,183)
Expenditures			
Operating and administrative			
Professional fees	108,000	111,600	(3,600)
Contracted services	24,000	24,863	(863)
Repairs and maintenance	153,000	179,826	(26,826)
Administrative	27,184	21,735	5,449
Other	2,500	6,851	(4,351)
Total Expenditures	314,684	344,875	(30,191)
Revenues Over/(Under) Expenditures	175,316	49,942	(125,374)
Other Financing Sources/(Uses)			
Developer advances		100,000	100,000
Net Change in Fund Balance	175,316	149,942	(25,374)
Fund Balance			
Beginning of the year	86,187	86,187	
End of the year	$ 261,503	$ 236,129	$ (25,374)

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Galveston County Municipal Utility District No. 73
TSI-1. Services and Rates
May 31, 2026

1. Services provided by the District During the Fiscal Year:

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

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

☒ Other (Specify): Water and sewer service and roads provided or maintained by the City of League City

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels	
Water:						to
Wastewater:						to
Surcharge:						to

District employs winter averaging for wastewater usage? ☐ Yes ☐ No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater			x 1.0	

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	N/A	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	N/A	N/A

4. Standby Fees (authorized only under TWC Section 49.231):

The District does not have Debt Service standby fees.

The District does not have Operation and Maintenance standby fees.

5. Location of District:

Is the District located entirely within one county? Yes [X] No [ ]

County(ies) in which the District is located: Galveston County

Is the District located within a city? Entirely [X] Partly [ ] Not at all [ ]

City(ies) in which the District is located: City of League City

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

Entirely [ ] Partly [ ] Not at all [X]

ETJs in which the District is located:

Are Board members appointed by an office outside the district? Yes [ ] No [X]

If Yes, by whom?

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-2. General Fund Expenditures
For the Year Ended May 31, 2026

Professional fees		
Legal	$	65,775
Audit		15,000
Engineering		30,825
		111,600
Contracted services		
Bookkeeping		24,863
Repairs and maintenance		179,826
Administrative		
Directors fees		12,668
Printing and office supplies		3,350
Insurance		4,097
Other		1,620
		21,735
Other		6,851
Total expenditures	$	344,875

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-3. Investments
May 31, 2026

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexSTAR	Variable	N/A	$ 170,941
Debt Service			
TexSTAR	Variable	N/A	394,694
TexSTAR	Variable	N/A	910,164
			1,304,858
Capital Projects			
TexSTAR	Variable	N/A	1,089
Total - All Funds			$ 1,476,888

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-4. Taxes Levied and Receivable
May 31, 2026

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 3,352	$ 568	$ 1,237	$ 5,157
Adjustments to Prior Year Tax Levy	1,607	272	593	2,472
Adjusted Receivable	4,959	840	1,830	7,629
2025 Original Tax Levy	370,964	309,137	680,101	1,360,202
Adjustments	21,910	18,258	40,168	80,336
Adjusted Tax Levy	392,874	327,395	720,269	1,440,538
Total to be accounted for	397,833	328,235	722,099	1,448,167
Tax collections:				
Current year	386,580	322,150	708,730	1,417,460
Prior years	4,959	840	1,830	7,629
Total Collections	391,539	322,990	710,560	1,425,089
Taxes Receivable, End of Year	$ 6,294	$ 5,245	$ 11,539	$ 23,078
Taxes Receivable, By Years				
2025	$ 6,294	$ 5,245	$ 11,539	$ 23,078

	2025	2024	2023	2022
Property Valuations:				
Land	$ 43,110,571	$ 31,190,091	$ 9,496,900	$ 7,034,530
Improvements	99,224,042	16,664,955		
Personal Property	39,510	23,370		
Exemptions	(11,416,193)	(5,581,975)	(9,303,340)	(6,840,950)
Total Property Valuations	$ 130,957,930	$ 42,296,441	$ 193,560	$ 193,580
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.30	$ 0.65	$ 1.00	$ 1.00
Debt service tax rates	0.25	0.11		
Debt service road tax rates	0.55	0.24		
Total Tax Rates per $100 Valuation	$ 1.10	$ 1.00	$ 1.00	$ 1.00
Adjusted Tax Levy:	$ 1,440,538	$ 422,964	$ 1,936	$ 1,936
Percentage of Taxes Collected to Taxes Levied **	98.40%	100.00%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 12, 2021
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 12, 2021

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

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
May 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 65,000	$ 155,968	$ 220,968
2028	70,000	151,244	221,244
2029	75,000	146,169	221,169
2030	80,000	140,743	220,743
2031	85,000	134,969	219,969
2032	90,000	128,843	218,843
2033	90,000	122,769	212,769
2034	95,000	116,756	211,756
2035	105,000	111,568	216,568
2036	110,000	107,269	217,269
2037	115,000	102,769	217,769
2038	120,000	98,069	218,069
2039	125,000	93,169	218,169
2040	135,000	87,969	222,969
2041	140,000	82,469	222,469
2042	150,000	76,669	226,669
2043	160,000	70,469	230,469
2044	165,000	63,866	228,866
2045	175,000	56,853	231,853
2046	185,000	49,428	234,428
2047	195,000	41,591	236,591
2048	205,000	33,341	238,341
2049	215,000	24,543	239,543
2050	230,000	15,087	245,087
2051	240,000	5,100	245,100
	$ 3,420,000	$ 2,217,690	$ 5,637,690

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
May 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 170,000	$ 326,363	$ 496,363
2028	180,000	314,988	494,988
2029	185,000	303,125	488,125
2030	195,000	290,775	485,775
2031	205,000	277,774	482,774
2032	215,000	264,125	479,125
2033	230,000	250,669	480,669
2034	240,000	239,400	479,400
2035	250,000	229,600	479,600
2036	260,000	219,400	479,400
2037	270,000	208,800	478,800
2038	280,000	197,800	477,800
2039	295,000	186,300	481,300
2040	305,000	174,300	479,300
2041	315,000	161,900	476,900
2042	325,000	149,100	474,100
2043	335,000	135,900	470,900
2044	355,000	122,100	477,100
2045	365,000	107,700	472,700
2046	380,000	92,800	472,800
2047	395,000	77,300	472,300
2048	410,000	61,200	471,200
2049	425,000	44,500	469,500
2050	440,000	27,200	467,200
2051	460,000	9,200	469,200
	$ 7,485,000	$ 4,472,319	$ 11,957,319

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-5. Long-Term Debt Service Requirements
Series 2025--by Years
May 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ -	$ 294,938	$ 294,938
2028	125,000	290,875	415,875
2029	130,000	282,587	412,587
2030	140,000	273,813	413,813
2031	145,000	264,550	409,550
2032	150,000	254,962	404,962
2033	160,000	244,888	404,888
2034	165,000	234,325	399,325
2035	175,000	225,462	400,462
2036	185,000	218,262	403,262
2037	195,000	210,663	405,663
2038	205,000	202,663	407,663
2039	215,000	193,993	408,993
2040	225,000	184,644	409,644
2041	240,000	174,463	414,463
2042	250,000	163,437	413,437
2043	260,000	151,800	411,800
2044	280,000	139,312	419,312
2045	290,000	125,950	415,950
2046	300,000	111,938	411,938
2047	320,000	97,212	417,212
2048	335,000	81,656	416,656
2049	350,000	65,388	415,388
2050	370,000	48,287	418,287
2051	385,000	29,875	414,875
2052	405,000	10,125	415,125
	$ 6,000,000	$ 4,576,068	$ 10,576,068

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-5. Long-Term Debt Service Requirements
Series 2025 Roads--by Years
May 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ -	$ 238,181	$ 238,181
2028	105,000	234,769	339,769
2029	110,000	227,781	337,781
2030	115,000	220,469	335,469
2031	120,000	212,831	332,831
2032	125,000	204,869	329,869
2033	135,000	196,419	331,419
2034	140,000	187,744	327,744
2035	150,000	180,456	330,456
2036	155,000	174,356	329,356
2037	160,000	168,056	328,056
2038	170,000	161,456	331,456
2039	180,000	154,456	334,456
2040	190,000	146,938	336,938
2041	200,000	138,769	338,769
2042	205,000	130,034	335,034
2043	220,000	120,600	340,600
2044	230,000	110,475	340,475
2045	240,000	99,900	339,900
2046	250,000	88,875	338,875
2047	265,000	77,122	342,122
2048	280,000	64,519	344,519
2049	290,000	51,338	341,338
2050	305,000	37,578	342,578
2051	320,000	23,125	343,125
2052	340,000	7,862	347,862
	$ 5,000,000	$ 3,658,978	$ 8,658,978

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
May 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 235,000	$ 1,015,450	$ 1,250,450
2028	480,000	991,876	1,471,876
2029	500,000	959,662	1,459,662
2030	530,000	925,800	1,455,800
2031	555,000	890,124	1,445,124
2032	580,000	852,799	1,432,799
2033	615,000	814,745	1,429,745
2034	640,000	778,225	1,418,225
2035	680,000	747,086	1,427,086
2036	710,000	719,287	1,429,287
2037	740,000	690,288	1,430,288
2038	775,000	659,988	1,434,988
2039	815,000	627,918	1,442,918
2040	855,000	593,851	1,448,851
2041	895,000	557,601	1,452,601
2042	930,000	519,240	1,449,240
2043	975,000	478,769	1,453,769
2044	1,030,000	435,753	1,465,753
2045	1,070,000	390,403	1,460,403
2046	1,115,000	343,041	1,458,041
2047	1,175,000	293,225	1,468,225
2048	1,230,000	240,716	1,470,716
2049	1,280,000	185,769	1,465,769
2050	1,345,000	128,152	1,473,152
2051	1,405,000	67,300	1,472,300
2052	745,000	17,987	762,987
	$ 21,905,000	$ 14,925,055	$ 36,830,055

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-6. Change in Long-Term Bonded Debt
May 31, 2026

	Bond Issue			
	Series 2024	Series 2024 Road	Series 2025	Series 2025 Road
Interest rate	4.00% - 7.00%	4.00% - 6.50%	4.00% - 6.50%	4.00% - 6.50%
Dates interest payable	9/1 ; 3/1	9/1 ; 3/1	9/1 ; 3/1	9/1 ; 3/1
Maturity dates	9/1/26 - 9/1/50	9/1/26 - 9/1/50	9/1/27 - 9/1/51	9/1/27 - 9/1/51
Beginning bonds outstanding	$ 3,420,000	$ 7,485,000	$ -	$ -
Bonds issued			6,000,000	5,000,000
Ending bonds outstanding	$ 3,420,000	$ 7,485,000	$ 6,000,000	$ 5,000,000
Interest paid during fiscal year	$ 158,244	$ 331,888	$ 110,602	$ 63,515
Paying agent's name and city				
All Series	UMB Bank, N.A., Houston, TX			

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Parks and Recreational Facilities Bonds	Parks and Recreational Facilities Refudning Bonds
Amount Authorized by Voters	$ 443,700,000	$ 44,370,000	$ 113,000,000	$ 11,300,000
Amount Issued	(9,420,000)			
Remaining To Be Issued	$ 434,280,000	$ 44,370,000	$ 113,000,000	$ 11,300,000

Bond Authority:	Road Improvement Bonds	Road Improvement Refunding Bonds
Amount Authorized by Voters	$ 287,000,000	$ 28,700,000
Amount Issued	(12,485,000)	
Remaining To Be Issued	$ 274,515,000	$ 28,700,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of May 31, 2026:	$ 1,382,184
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,416,541

See accompanying auditor's report.

Totals
$ 10,905,000
11,000,000
$ 21,905,000
$ 664,249

Galveston County Municipal Utility District No. 73
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2026	2025	2024	2023	2022**
Revenues					
Property taxes	$ 391,538	$ 271,063	$ 2,076	$ 2,412	$ 720
Penalties and interest			88	336	65
Miscellaneous			70	90	
Investment earnings	3,279	1,396	35	10	
Total Revenues	394,817	272,459	2,269	2,848	785
Expenditures					
Operating and administrative					
Professional fees	111,600	164,072	162,358	99,621	134,005
Contracted services	24,863	21,700	10,026	9,057	10,645
Repairs and maintenance	179,826	110,165	81,540	25,735	
Administrative	21,735	19,124	17,317	14,073	38,362
Other	6,851	8,445	4,591	1,383	1,838
Total Expenditures	344,875	323,506	275,832	149,869	184,850
Revenues Over (Under) Expenditures	49,942	(51,047)	(273,563)	(147,021)	(184,065)
Other Financing Sources					
Developer advances	100,000	115,000	293,265	123,000	180,618
Internal transfers		30,000			
Net Change in Fund Balance	149,942	93,953	19,702	(24,021)	(3,447)
Fund Balance, Beginning of the year	86,187	(7,766)	(27,468)	(3,447)	
End of the year	$ 236,129	$ 86,187	$ (7,766)	$ (27,468)	$ (3,447)

*Percentage is negligible
**Unaudited
See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022**
99%	99%	91%	85%	92%
		4%	12%	8%
		3%	3%	
1%	1%	2%	*	
100%	100%	100%	100%	100%
28%	60%	7,155%	3,498%	17,071%
6%	8%	442%	318%	1,356%
46%	40%	3,594%	904%	
6%	7%	763%	494%	4,887%
2%	3%	202%	49%	234%
88%	118%	12,156%	5,263%	23,548%
12%	(18%)	(12,056%)	(5,163%)	(23,448%)

Galveston County Municipal Utility District No. 73
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Two Fiscal Years

	Amounts		Percent of Fund Total Revenues	
	2026	2025	2026	2025
Revenues				
Property taxes	$ 1,033,550	$ 145,958	97%	92%
Penalties and interest	6,494	595	1%	*
Miscellaneous	190	100	*	*
Investment earnings	28,103	12,634	3%	8%
Total Revenues	1,068,337	159,287	101%	100%
Expenditures				
Tax collection services	17,544	21,904	2%	14%
Debt service				
Interest and fees	665,248	169,854	62%	107%
Total Expenditures	682,792	191,758	64%	121%
Revenues Over (Under) Expenditures	385,545	(32,471)	37%	(21%)
Other Financing Sources				
Proceeds from sale of bonds	533,120	490,131		
Net Change in Fund Balance	918,665	457,660		
Fund Balance, Beginning of the year	457,660			
End of the year	$ 1,376,325	$ 457,660		

*Percentage is negligible

See accompanying auditor's report.

Galveston County Municipal Utility District No. 73
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2026

Complete District Mailing Address: 202 Century Square Blvd, Sugar Land, TX 77478

District Business Telephone Number: (281) 500-6050

Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 22, 2026

Limit on Fees of Office that a Director may receive during a fiscal year: $ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Linda Dixon	05/24 - 05/28	$ 2,873	$ 92	President
Carolyn Chapman	05/26 - 05/30	2,873	86	Vice President
Linda Bordeau	05/26 - 05/30	2,873	164	Secretary
Diane Perillo	05/24 - 05/28	2,431	36	Assistant Vice President
Chuck Atkins	03/25 - 05/28	1,768	196	Assistant Secretary
		Amounts Paid		
Consultants				
The Muller Law Group	2021			Attorney
General legal fees		$ 88,914		
Bond counsel		304,572		
Myrtle Cruz, Inc	2021	34,030		Bookkeeper
Assessments of the Southwest, Inc.	2021	10,183		Tax Collector
Galveston Central Appraisal District	Legislation	2,890		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2021	1,745		Delinquent Tax Attorney
LJA Engineering, Inc.	2021			Engineer
General engineering		103,279		
Bond related		35,063		
McGrath & Co., PLLC	Annual	29,775		Auditor
RBC Capital Markets, LLC	2021	158,950		Financial Advisor

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

See accompanying auditor's report.