OFFICIAL STATEMENT DATED NOVEMBER 12, 2026

In the opinion of Bond Counsel (herein defined), under current law and subject to conditions described under "TAX MATTERS," 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 (herein defined)) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described under "TAX MATTERS."

The Bonds have not been designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS –Not Qualified Tax-Exempt Obligations."

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

$12,000,000

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

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

UNLIMITED TAX ROAD BONDS, SERIES 2026

Dated: December 1, 2026
Interest Accrues from: Date of Delivery Due: September 1, as shown on inside cover

The $12,000,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"), are obligations of Galveston County Municipal Utility District No. 82 (the "District") and are not obligations of the State of Texas; Galveston County, Texas; the City of League City, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Galveston County, Texas; the City of League City, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (on or about December 15, 2026, the "Date of Delivery") and is payable March 1, 2027, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

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

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

The Bonds are the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing road facilities to serve the District. When issued, the Bonds will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment."

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

The Bonds are offered by the winning bidder for the Bonds (the "Initial Purchaser") subject to prior sale, when, as, and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Attorney General of the State of Texas and the opinion of The Muller Law Group, PLLC, Sugar Land, Texas ("Bond Counsel"). Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about December 15, 2026.

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

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 36423U (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 36423U (b)
2028	$ 185,000	7.625%	3.550%	BF2	2036 (c)	280,000	7.625%	4.050%	BP0
2029	195,000	7.625%	3.600%	BG0	2037 (c)	290,000	5.125%	4.400%	BQ8
2030	205,000	7.625%	3.650%	BH8	2038 (c)	310,000	5.125%	4.500%	BR6
2031	215,000	7.625%	3.700%	BJ4	2039 (c)	325,000	5.125%	4.600%	BS4
2032 (c)	225,000	7.625%	3.750%	BK1	2040 (c)	340,000	5.125%	4.750%	BT2
2033 (c)	240,000	7.625%	3.800%	BL9	2041 (c)	360,000	5.125%	4.900%	BU9
2034 (c)	250,000	7.625%	3.900%	BM7	2042 (c)	375,000	5.125%	5.000%	BV7
2035 (c)	265,000	7.625%	4.000%	BN5	***	***	***	***	***

$815,000 Term Bond Due September 1, 2044 (c)(d), Interest Rate: 5.125% (Price: $100.000) (a), CUSIP No. 36423U BX3 (b)

$905,000 Term Bond Due September 1, 2046 (c)(d), Interest Rate: 5.125% (Price: $99.317) (a), CUSIP No. 36423U BZ8 (b)

$1,005,000 Term Bond Due September 1, 2048 (c)(d), Interest Rate: 5.125% (Price: $98.894) (a), CUSIP No. 36423U CB0 (b)

$1,710,000 Term Bond Due September 1, 2051 (c)(d), Interest Rate: 5.250% (Price: $100.00) (a), CUSIP No. 36423U CE4 (b)

$3,505,000 Term Bond Due September 1, 2056 (c)(d), Interest Rate: 5.250% (Price: $98.952) (a), CUSIP No. 36423U CK0 (b)

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

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

(c) The 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 – *Optional Redemption*."

(d) Such Bonds are also subject to mandatory sinking fund redemption as more fully described herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption."*

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representations, other than those contained herein, 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 alone constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering, and other related reports set forth herein are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel upon payment of duplication costs, for further information.

The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information herein.

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

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

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

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APPENDIX A Financial Statements of the District

APPENDIX B Specimen Municipal Bond Insurance Policy

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover at a price of 97.004235% of par, resulting in a net effective interest rate to the District 5.491817%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

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

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

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $521.2 million, $308.9 million, and $212.3 million, respectively.

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

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

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

Additional Information Available from BAM

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

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering

that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

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

RATINGS

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

The District is not aware of any rating assigned to the Bonds other than the rating of S&P.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description	Galveston County Municipal Utility District No. 82 (the "District") is issuing its $12,000,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds"), dated December 1, 2026, and scheduled to mature on September 1 in the years and amounts set forth on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about December 15, 2026) ("Date of Delivery") at the rates per annum set forth on the inside cover and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. Interest on the Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds are offered in fully registered form in integral multiples of $5,000 of principal amount for any one maturity. See "THE BONDS – General."
Redemption Provisions	The Bonds maturing on and after September 1, 2032, are subject to redemption, in whole or from time to time in part, at the option of the District beginning on September 1, 2031, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*." The Bonds that mature on September 1 in each of the years 2044, 2046, 2048, 2051, and 2056 are term bonds (the "Term Bonds") that are also subject to mandatory sinking fund redemption provisions as set out herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."
Authority for Issuance	The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; and an election held within the District and passed by a majority of the participating voters, as described below.

	At an election held within the District on May 6, 2023, voters of the District authorized the District's issuance of an aggregate $149,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities to serve the District (the "Road System"). The Bonds represent the District's first issuance of bonds from such voted authorization for the Road System, and, following the issuance of the Bonds, $137,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System will remain authorized but unissued. See "THE BONDS – Authority for Issuance" and "THE BONDS – Issuance of Additional Debt."
Outstanding Bonds	The District has previously issued one (1) series of unlimited tax bonds: $5,725,000 Unlimited Tax Bonds, Series 2026. As of the Date of Delivery, $5,725,000 principal amount of such previously issued bonds will remain outstanding (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."
Source of Payment	The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations solely of 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. See "THE BONDS – Source of Payment."
Payment Record	The Bonds are the second series of unlimited tax bonds issued by the District. See "THE BONDS – Source of Payment." The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.
Use and Distribution of Bond Proceeds	Proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for those costs related to the Road System as shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS. Proceeds from the sale of the Bonds will also be used to pay developer interest; fund fourteen (14) months of capitalized interest on the Bonds; and pay for costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."
Ratings	S&P Global Ratings (BAM Insured): "AA." See "RATINGS" above.
Not Qualified Tax-Exempt Obligations	The District has <u>not</u> designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."
General & Bond Counsel	The Muller Law Group, PLLC, Sugar Land, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor	Cedar Creek Municipal Advisors, LLC, Houston, Texas.
Engineer	GFT, Inc., Houston, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.

THE DISTRICT

Description — The District is a political subdivision of the State of Texas created by order of the Texas Commission on Environmental Quality (the "TECQ") dated July 30, 2021. The District 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 currently encompasses approximately 794.60 acres of land. See "THE DISTRICT – General."

Location — The District is located approximately 30 miles southeast of the City of Houston, Texas, and is situated entirely within the corporate limits of the City of League City, Texas. The District is located on the south side of League City Parkway approximately 5 miles west of Interstate 45. See "THE DISTRICT – Location."

Development within the District — Land within the District is being developed as part of the community of Legacy. To date, 513 single-family lots have been developed within the following eight (8) subdivisions in the District: Legacy, Sections 1–8. As of October 5, 2026, such 513 single family lots included approximately 173 completed homes (approximately 128 occupied, 35 unoccupied, and 10 model homes), approximately 106 homes under construction, and approximately 234 vacant lots available for additional home construction.

The District contains approximately 794.60 total acres of land. The eight (8) subdivisions referenced above encompass a total of 159.50 acres, including areas within the subdivisions dedicated to landscape, open space, utilities, drainage, recreational facilities, and other reserves. The remainder of the District includes approximately 111.50 acres under construction, approximately 15.00 acres for an elementary school, approximately 5.00 acres for the amenity center, approximately 291.10 acres that are undevelopable, and approximately 212.50 acres that are developable. See "DEVELOPMENT WITHIN THE DISTRICT."

The Developer — Land within the District is being developed through various entities affiliated with Hillwood Development Company, LLC ("Hillwood"), a Dallas-based national real estate development company and Texas limited liability company owned by H. Ross Perot, Jr. The District consists of multiple tracts acquired from different property owners and is being developed through HW SW League City, LLC, a Texas limited liability company, and HW WE League City, LLC, a Texas limited liability company, each of which is wholly owned by Hillwood.

HW SW League City, LLC is the parent entity to both HW SW Phase 1, LLC ("HWSWP1") and HW SW Phase 2, LLC ("HWSWP2"), which are Texas limited liability companies created to develop the District. HWSWP1 has developed Legacy, Sections 5 through 8 (314 lots) and HWSWP2 is currently developing Sections 9 through 14 (388 lots).

HW WE League City, LLC is the parent entity to both HW WE Phase 1, LLC ("HWWEP1") and HW WE Phase 2, LLC ("HWWEP2"), which are Texas limited liability companies created to develop the District. HWWEP1 has developed Legacy, Sections 1 through 4 (199

lots) and HWWEP2 will develop Sections 22 through 24 on 209 lots on approximately 73 acres with an estimated start date of June 2027.

HW SW League City, LLC and HW WE League City, LLC are single purpose entities formed and capitalized for the purpose of developing the land they owned within the District. Both are thinly capitalized limited liability companies whose assets primarily consist of the land they own in the District. Both have minimal net revenues.

HW SW League City, LLC and HW WE League City, LLC, together with their respective subsidiaries, Hillwood and its affiliates, are collectively referred to herein as the "Developers." See "THE DEVELOPER" and "DEVELOPMENT WITHIN THE DISTRICT."

Homebuilders Active within the District.... Homebuilders active within the District include Beazer Homes, Coventry Homes, David Weekley Homes, Drees Custom Homes, Highland Homes, Partners in Building, Perry Homes, Shea Homes, Village Builders, and Westin Homes. Homes being constructed in the District range from approximately $375,000 to $2,000,000 in price and from approximately 1,900 to 5,700 square feet in size. See "DEVELOPMENT WITHIN THE DISTRICT – Active Homebuilders."

RISK FACTORS

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2026 Taxable Assessed Valuation	$ 53,652,928	(a)
Estimate of Value as of September 1, 2026	$ 141,464,657	(b)
Direct Debt:		
The Outstanding Bonds	$ 5,725,000	
The Bonds	$ 12,000,000	
Total	$ 17,725,000	
Estimated Overlapping Debt	$ 3,616,424	(c)
Total Direct and Estimated Overlapping Debt	$ 21,341,424	
Direct Debt Ratios:		
Based on the 2026 Taxable Assessed Valuation	33.04 %	
Based on the Estimate of Value as of September 1, 2026	12.53 %	
Direct and Estimated Overlapping Debt Ratios:		
Based on the 2026 Taxable Assessed Valuation	39.78 %	
Based on the Estimate of Value as of September 1, 2026	15.09 %	
Utility Debt Service Fund Balance (as of October 13, 2026)	$ 472,313	(d)
Road Debt Service Fund Balance (as of the Date of Delivery)	$ 785,189	(e)
General Operating Fund Balance (as of October 8, 2026)	$ 67,962	(f)
2026 Tax Rate per $100 of Assessed Valuation:		
Debt Service	$ 0.000	
Maintenance and Operations	$ 1.150	
Total	$ 1.150	
Average Annual Debt Service Requirement (2027–2056)	$ 1,191,179	(g)
Maximum Annual Debt Service Requirement (2028)	$ 1,266,188	(g)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2027–2056) at 95% Tax Collections:		
Based on the 2026 Taxable Assessed Valuation	$ 2.34	
Based on the Estimate of Value as of September 1, 2026	$ 0.89	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2028) at 95% Tax Collections:		
Based on the 2026 Taxable Assessed Valuation	$ 2.49	
Based on the Estimate of Value as of September 1, 2026	$ 0.95	
Single-Family Homes as of October 5, 2026	279	(h)

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2026, as certified by the Galveston Central Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Galveston Central Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located in the District as of September 1, 2026, and includes an estimate of additional taxable value resulting from the addition of taxable improvements constructed in the District from January 1, 2026, through September 1, 2026. No taxes will be levied on this estimate of value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility Debt Service Fund. Funds in the Utility Debt Service Fund are not available to pay debt service on bonds issued for the Road System, including the Bonds.

(e) Represents fourteen (14) months of capitalized interest that will be deposited into the District's Road Debt Service fund upon closing and delivery of the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the debt service fund. Funds in the Road Debt Service Fund are not available to pay debt service on bonds issued for the Utility System.

(f) See "RISK FACTORS – Operating Funds."

(g) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT."

(h) Includes approximately 173 completed homes and approximately 106 homes under construction in the District.

$12,000,000

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

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

UNLIMITED TAX ROAD BONDS, SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Galveston County Municipal Utility District No. 82 (the "District") of the $12,000,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Resolution"); Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; and an election held within the District on May 6, 2023.

Unless otherwise indicated, capitalized terms used herein have the same meaning assigned to such terms in the Bond Resolution.

Included herein are descriptions of the Bonds, the Developer (defined herein), 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 Bond Counsel (herein defined) at 202 Century Square Boulevard, Sugar Land, Texas 77478, or during the offering period from the Financial Advisor (herein defined) at 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056, upon payment of reasonable copying, mailing and handling charges.

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas; Galveston County, Texas; the City of League City, Texas (the "City"); or any entity other than the District, will be secured by the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by the registered owners of the District's obligations to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "THE BONDS – Source of Payment" and "RISK FACTORS – Bankruptcy Limitation to Registered Owners' Rights."

Dependence on Principal Taxpayers

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. The District's tax base is concentrated in a small number of taxpayers. As illustrated herein under "TAX DATA – Principal Taxpayers," for the 2026 tax year, the District's principal taxpayers own property within the District that comprises approximately 59.94% of the District's taxable assessed value as of January 1, 2026. The Developer owns property located within the District that comprises a combined total of approximately 14.97% of the District's taxable assessed valuation as of January 1, 2026.

In the event that the Developer, homebuilders within the District, other principal 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 recover or borrow funds 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 debt service fund. See "THE DEVELOPER," "TAX DATA – Principal Taxpayers," and "TAXING PROCEDURES – Levy and Collection of Taxes."

Vacant Developed Lots

As of October 5, 2026, approximately 234 developed lots within the District remained available for home construction. Failure of the homebuilders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Developer Under No Obligation to the District

The Developer informed the District of the current plan to continue to develop land in the District for residential, commercial, and mixed-use purposes. However, the Developer is not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell the land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on the plans of the Developer. Failure to construct taxable improvements on developed lots and tracts and failure of the Developer to develop the land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developer will be or what effect, if any, such conditions may have on their collective and respective ability to pay taxes. See "TAX DATA – Principal Taxpayers," "THE DEVELOPER," and "DEVELOPMENT WITHIN THE DISTRICT."

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 developers 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 developers or homebuilders.

Economic Factors and Interest Rates

The majority of the taxable value of the District results from the current market value of single-family residences and of developed lots which are currently being marketed by the Developer for sale to homebuilders and homebuyers for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in the Houston-Galveston region and the national economy, and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability (see "—Credit Markets and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity could tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which the Developer is able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 30 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the greater Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the greater Houston metropolitan area and the nation could adversely affect development in the District and restrain the growth of the District's property tax base

Potential Effects of Oil Price Volatility on the Houston Area

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

Location and Access

The District is located approximately 30 miles southeast of the City of Houston, Texas, and is situated entirely within the corporate limits of the City of League City, 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 residential and commercial development within the District may be at a competitive disadvantage to residential and commercial projects located closer to major urban centers or in a more developed state. See "THE DISTRICT – Location" and "DEVELOPMENT WITHIN THE DISTRICT."

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 downtown Houston 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 in the sale of developed lots and the construction of single-family residential houses within the District by homebuilders is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and marketing programs in the District by the Developer and its affiliates will be implemented or, if implemented, will be successful.

Operating Funds

The District's current primary source of operating revenue is maintenance tax revenue and advances from the Developer. The District does not receive revenues from water and sewer services. The District levied a 2026 maintenance tax rate of $1.15 per $100 of assessed valuation. The amount of maintenance tax revenue produced by the maintenance tax may not be sufficient to generate a surplus general fund balance. The District's general fund balance as of October 8, 2026, was $67,962. Continued maintenance of a positive balance in the general fund will depend upon continued development, increased amounts of maintenance tax revenue, and advances from the Developer. In the event that funds are not made available by the Developer, the District could be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such a tax, when added to the District's debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property.

Impact on District Tax Rates

Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation as of January 1, 2026, of all taxable property located within the District is $53,652,928, and the estimate of value as of September 1, 2026, of all taxable property located within the District is $141,464,657.

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds (herein defined) and the Bonds is $1,266,188 (2028), and the average annual debt service requirement on the Outstanding Bonds and the Bonds is $1,191,179 (2027–2056). Assuming no decrease to the District's taxable assessed valuation as of January 1, 2026, debt service tax rates of $2.49 and $2.34 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the District's estimate of value as of September 1, 2026, debt service tax rates of $0.95 and $0.89 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate, or to justify continued payment of taxes by property owners. For the 2026 tax year, the District levied a total tax rate of $1.15 per $100 of assessed valuation made up entirely of a tax for maintenance and operations. See "DISTRICT DEBT," "TAX DATA," and "TAXING PROCEDURES."

Extreme Weather Events

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

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 flood type risks:

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

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

or reservoir also may result in flooding in areas adjacent to rivers, bayous or man-made drainage systems (canals or channels) downstream.

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.

National Weather Service Atlas 14 Rainfall Study

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.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by, among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

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 of the Bonds (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 (and similar actions), the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could

not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the Texas Commission on Environmental Quality (the "TCEQ") as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, enters an order granting relief from the stay or 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 determining the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claims.

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

A district cannot be placed into bankruptcy involuntarily.

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. In order to maintain MS4 Permit compliance, the District is partnering with the City to participate in the City's program to develop, implement, and maintain the required plan (the "MS4 Permit Plan") as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City's MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary 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.

Marketability

The District has no understanding with the winning bidder for the Bonds (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. Moreover, 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 difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Continuing Compliance with Certain Covenants

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

Future Debt

At an election held within the District on May 6, 2023, voters of the District authorized the District's issuance of an aggregate $149,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities to serve the District (the "Road System"). The Bonds represent the District's first issuance of bonds from such voted authorization, and, following the issuance of the Bonds, $137,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System will remain authorized but unissued.

At an election held within the District on May 6, 2023, voters of the District also authorized the District's issuance of $262,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater, and storm drainage facilities to serve the District (the "Utility System"). The District has previously issued one series of bonds from such voted authorization: $5,725,000 Unlimited Tax Bonds, Series 2026. $256,775,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System remain authorized but unissued.

At an election held within the District on May 6, 2023, voters of the District also authorized the District's issuance of the following: $29,900,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Road System; $52,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Utility System; $179,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System"); and $35,800,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Park System. To date, the District has issued no bonds from such voted authorizations, and all amounts authorized at the election held on May 6, 2023, as noted in this paragraph, remain authorized but unissued.

The District may also issue such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution.

Following issuance of the Bonds, the District will owe the Developer approximately $43,655,919 for expenditures to construct the Utility System, $18,757,778 for expenditures to construct the Road System, and approximately $2,289,719 for expenditures to construct the Park System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Approval of the Bonds

The Attorney General of the State of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of the State 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 herein.

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.

Cybersecurity

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for

cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches may be limited.

The 90th Texas Legislature

The regular session of the 90th Texas Legislature (the "Legislature") is scheduled to commence on January 12, 2027. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. Texas Governor Greg Abbott has identified on his agenda property tax relief as a legislative priority. The District cannot predict the likelihood of legislative property tax reform at the legislative level or the impacts therefrom, if implemented.

Bond Insurance Risk Factors

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

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

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

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

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

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

THE BONDS

General

The Bonds are dated December 1, 2026, and mature on September 1 in the years and amounts set forth on the inside cover. Interest on the Bonds accrues from the date of initial delivery (on or about December 15, 2026) (the "Date of Delivery") at the rates per annum set forth on the inside cover and is payable on 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 composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of $5,000 of principal amount or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent and registrar for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar").

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner (the "Registered Owners") appearing on the registration and transfer books (the "Register") of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date (the "Record Date") and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of non-payment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

Redemption Provisions

Optional Redemption

The Bonds maturing on and after September 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2031, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption. The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than 30 days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as herein above stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one (1) or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of

redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mandatory Redemption:

The Bonds maturing on September 1 in the years 2044, 2046, 2048, 2051, and 2056 are term bonds (the "Term Bonds"). The Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

$815,000 Term Bonds Maturing on September 1, 2044

Mandatory Redemption Date	Principal Amount
September 1, 2043	$ 395,000
September 1, 2044 (Maturity)	$ 420,000

$905,000 Term Bonds Maturing on September 1, 2046

Mandatory Redemption Date	Principal Amount
September 1, 2045	$ 440,000
September 1, 2046 (Maturity)	$ 465,000

$1,005,000 Term Bonds Maturing on September 1, 2048

Mandatory Redemption Date	Principal Amount
September 1, 2047	$ 490,000
September 1, 2048 (Maturity)	$ 515,000

$1,710,000 Term Bonds Maturing on September 1, 2051

Mandatory Redemption Date	Principal Amount
September 1, 2049	$ 540,000
September 1, 2050	$ 570,000
September 1, 2051 (Maturity)	$ 600,000

$3,505,000 Term Bonds Maturing on September 1, 2056

Mandatory Redemption Date	Principal Amount
September 1, 2052	$ 630,000
September 1, 2053	$ 665,000
September 1, 2054	$ 700,000
September 1, 2055	$ 735,000
September 1, 2056 (Maturity)	$ 775,000

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (herein defined) should be discontinued, the Bonds are transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three (3) business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one (1) maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Outstanding Bonds

The District has previously issued one (1) series of unlimited tax bonds: $5,725,000 Unlimited Tax Bonds, Series 2026. As of Date of Delivery, $5,725,000 principal amount in previously issued bonds will be outstanding (the "Outstanding Bonds").

Replacement of Paying Agent/Registrar

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

Dissolution by the City of League City

Under existing Texas law, because the District lies wholly within the corporate limits of the City, the District must conform to a City ordinance consenting to the creation of the District. In addition, the District may be dissolved by the City without the District's consent. If the District is dissolved, the City will assume the District's assets and obligations (including the Bonds). Dissolution of the District by the City is a policy matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that dissolution will or will not occur and makes no representation of the City's financial capability to pay debt service on the Bonds if such dissolution were to occur.

The City's right to dissolve the District is restricted under the Utility Agreement (herein defined). The City and the District have agreed that the District, in order to complete full development, will issue bonds in multiple series and that the District will not be dissolved until development is substantially complete. See "UTILITY AGREEMENT WITH THE CITY OF LEAGUE CITY."

Consolidation

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

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form, and manner, and at the same time as other District taxes are assessed, levied, and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any unlimited tax bonds hereafter issued. The Bonds are obligations of the District and are not the obligations of the State of Texas; Galveston County, Texas; the City; or any entity other than the District.

Payment Record

The Bonds are the second issuance of bonded indebtedness by the District. The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.

Authority for Issuance

The Bonds are issued pursuant to the Bond Resolution; Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; and an election held within the District on May 6, 2023.

At an election held within the District on May 6, 2023, voters of the District authorized the District's issuance of $149,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System. The Bonds represent the District's first series of unlimited tax bonds to be issued from such voted authorization for the purpose of acquiring or constructing the Road System.

Issuance of Additional Debt

The District may issue additional bonds that are necessary to provide improvements and facilities consistent with the purposes for which the District was created.

At an election held within the District on May 6, 2023, voters of the District authorized the District's issuance of the following: $262,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $52,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Utility System; $149,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $29,900,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Road System; $179,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System; and $35,800,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Park System.

After issuance of the Bonds, the following amounts of unlimited tax bonds will remain authorized but unissued: $256,775,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; $52,500,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Utility System; $137,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; $29,900,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Road System; $179,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System; and $35,800,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the Park System.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District can issue park bonds payable from taxes, the following actions are required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District at the time of issuance; unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not more than three percent (3%) of the value of the taxable property in the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of the State of Texas.

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. The District expects to issue additional bonds in order to reimburse the Developer for the cost of water, wastewater and drainage facilities, recreational facilities and roadways constructed within the District. Issuance of any additional bonds could increase gross debt/property ratios and dilute the investment security for the Bonds.

Funds

The Bond Resolution creates the District's fund for payment of debt service on the Bonds and any additional unlimited tax bonds that the District may hereafter issue for the Road System (the "Road System Debt Service Fund"). At closing of the Bonds, fourteen (14) months of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into 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 and any additional unlimited tax 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 for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the Road System that are payable in whole or in part from taxes.

Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Road Bonds and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

The District also maintains a fund for debt service on bonds issued for the Utility System (the "Utility System Debt Service Fund"). The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of any unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds issued for the Utility System and any of the District's other duly authorized bonds issued for the Utility System payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Utility System, and any additional bonds for the Utility System payable in whole or in part from taxes, and to pay any anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Utility System Debt Service Fund may not be used for payment of debt service on bond issued for the Road System, including the Bonds.

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond 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.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

No Arbitrage

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent,

and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

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

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct and Indirect Participants (herein defined), (2) Direct and Indirect 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 Registered Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described herein. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with Direct and Indirect Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One (1) fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations

that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants," and together with the Direct Participants, the "Direct and Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Use of Certain Terms in Other Sections of Official Statement

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

[*Remainder of this page intentionally left blank.*]

USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to reimburse the Developer for the construction costs shown below. Proceeds from the sale of the Bonds will also be used to pay for the non-construction costs shown below.

Non-construction costs are based upon either contract amounts or various cost estimates by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. Totals may not sum due to rounding.

CONSTRUCTION COSTS	**District's Share**
A. Developer Contribution Items	
1. Paving to serve League City Parkway Onsite	$ 964,742
2. Paving to serve League City Parkway Offsite	1,218,753
3. Paving to serve Legacy Drive and Section 1	1,607,388
4. Paving to serve Legacy Section 2	614,219
5. Paving to serve Legacy Section 3	999,758
6. Paving to serve Legacy Section 4, 5 & 8	1,267,226
7. Engineering	1,006,044
8. Land Costs	1,700,019
TOTAL CONSTRUCTION COSTS	$ 9,378,148
NON-CONSTRUCTION COSTS	
A. Legal Fees	$ 265,000
B. Fiscal Agent Fees	195,000
C. Interest Costs	
1. Capitalized Interest (14 Months)	785,189
2. Developer Interest	890,821
D. Bond Discount	359,492
E. Bond Issuance Expenses	41,531
F. Bond Related Engineering Fees	20,000
G. Attorney General Fees (0.10% or $9,500 Max)	9,500
H. Contingency (a)	55,320
TOTAL NON-CONSTRUCTION COSTS	$ 2,621,852
TOTAL BOND ISSUE REQUIREMENT	**$ 12,000,000**

(e) Represents the difference between the estimated and actual amount of capitalized interest and Bond discount.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT













THE DISTRICT

General

The District is a political subdivision of the State of Texas created by order of the TCEQ dated July 30, 2021. The District 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 empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish, operate, and maintain firefighting facilities, independently or with one or more conservation and reclamation districts, if approved by the City, the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance park and recreational facilities and roads.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation from the City, within which the District is located, the District is required to observe certain requirements of the City and the Utility Agreement which: limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, park and recreational facilities and roads; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to lots and commercial or multi-family reserves described in plats which have been approved by the Planning Commission of the City and recorded in the real property records. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies.

Upon creation of the District, the District consisted of 621.89 acres of land. Subsequent to its creation, the District has annexed approximately 172.71 acres into its boundaries. Currently, the District encompasses approximately 794.60 acres of land.

Location

The District is located approximately 30 miles southeast of the City of Houston, Texas, and is situated entirely within the corporate limits of the City of League City. The District is located on the south side of League City Parkway approximately 5 miles west of Interstate 45.

Management of the District

- Board of Directors -

The District is governed by a board, consisting of five (5) elected directors, which has control over and management and supervision of all affairs of the District. Directors serve staggered four (4) year terms.

Name	Title	Term Expires May
Joseph Ferro	President	2028
Kimberly Dawn Sanders	Vice President	2028
Shari Tuckwell	Secretary	2030
Liz Lee	Assistant Vice President	2030
Alexander Calvo	Assistant Secretary	2030

- Consultants –

The District does not have any employees but has contracted for necessary services as described below.

Bond Counsel and General Counsel: The District has engaged The Muller Law Group, PLLC as bond counsel ("Bond Counsel"). The fees of Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. The Muller Law Group, PLLC also serves as the District's general counsel.

Financial Advisor: Cedar Creek Municipal Advisors, LLC serves as the District's financial advisor ("the "Financial Advisor"). The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information herein.

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel in connection with the issuance of the District's Bonds. The fees of Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the District as of December 31, 2025, 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" for a copy of the District's audited financial statements for the year ended December 31, 2025.

Engineer: The District's consulting engineer is GFT, Inc. (the "Engineer").

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting, L.P.

Operator: The District's water and sewer system is operated by the City pursuant to the Utility Agreement.

Tax Assessor/Collector: The tax assessor/collector for the District is the Galveston County Tax Office.

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

Investment Authority and Investment Practices of the District

The District has adopted an investment policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in obligations of the United States or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and Texas CLASS, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

UTILITY AGREEMENT WITH THE CITY OF LEAGUE CITY

The District and the City entered into a First Amended and Restated Utility Agreement dated October 11, 2022 (the "Utility Agreement"). The Utility Agreement obligates the District to acquire, construct and extend water, wastewater and storm drainage facilities to serve land in the District and, when completed in accordance with plans and specifications approved by the City, to convey title to water and wastewater facilities to the City and the City to provide permanent water supply and wastewater treatment for the District.

Pursuant to the Utility Agreement, the City operates and maintains such water and wastewater facilities and is responsible for establishing water and sewer rates and collection charges for water and sewer service from District residents and the District purchases capacity in the City's water supply and wastewater treatment facilities by paying water and wastewater capital recovery impact fees to the City. Such fees may be amended by the City from time to time and at any time, subject to certain limitations imposed by state law.

The District has agreed to extend the system to serve future users as necessary so that ultimately all landowners 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 continued development within the District, the City's performance under the provisions of the Utility Agreement, and satisfaction of certain determinations of economic feasibility by the Board and the TCEQ, and TCEQ approval and the ability of the District to sell bonds.

THE DEVELOPER

The 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 subdivisions, 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, Developer, or other third parties. In certain instances, the developer will be required to pay up to 30% of the cost of constructing certain 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 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 the 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 the major taxpayer within a municipal utility district during the development phase of the property.

Description of the Developer

Land within the District is being developed through various entities affiliated with Hillwood Development Company, LLC ("Hillwood"), a Dallas-based national real estate development company and Texas limited liability company owned by H. Ross Perot, Jr. The District consists of multiple tracts acquired from different property owners and is being developed through HW SW League City, LLC, a Texas limited liability company, and HW WE League City, LLC, a Texas limited liability company, each of which is wholly owned by Hillwood.

HW SW League City, LLC is the parent entity to both HW SW Phase 1, LLC ("HWSWP1") and HW SW Phase 2, LLC ("HWSWP2"), which are Texas limited liability companies created to develop the District. HWSWP1 has developed Legacy, Sections 5 through 8 (314 lots) and HWSWP2 has developed Sections 9 through 14 (388 lots).

HW WE League City, LLC is the parent entity to both HW WE Phase 1, LLC ("HWWEP1") and HW WE Phase 2, LLC ("HWWEP2"), which are Texas limited liability companies created to develop the District. HWWEP1 has developed Legacy, Sections 1 through 4 (199 lots) and HWWEP2 will develop Sections 22 through 24 on 209 lots on approximately 73 acres with an estimated start date of June 2027.

HW SW League City, LLC and HW WE League City, LLC are single purpose entities formed and capitalized for the purpose of developing the land they owned within the District. Both are thinly capitalized limited liability companies whose assets primarily consist of the land they own in the District. Both have minimal net revenues.

HW SW League City, LLC and HW WE League City, LLC, together with their respective subsidiaries, Hillwood and its affiliates, are collectively referred to as the Developer.

Development Financing

On March 24, 2026, the Developer obtained a revolving line of credit from Third Coast Bank, SSB secured by certain lands in the District. The loan currently has a maximum principal balance of $66,000,000 of which approximately $16,396,432 was outstanding as of October 8, 2026. The loan has a maturity date of March 24, 2029. According to the Developer, it is in compliance with all material conditions of the loan.

On August 14, 2026, the Developer obtained a revolving line of credit from Third Coast Bank, SSB secured by certain lands in the District. The loan currently has a maximum principal balance of $21,000,000 of which approximately $12,524,674 was outstanding as of October 8, 2026. The loan has a maturity date of August 14, 2029. According to the Developer, it is in compliance with all material conditions of the loan.

DEVELOPMENT WITHIN THE DISTRICT

Status of Development

Land within the District is being developed as part of the community of Legacy. To date, 513 single-family lots have been developed within the following eight (8) subdivisions in the District: Legacy, Sections 1–8. As of October 5, 2026, such 513 single family lots included approximately 173 completed homes (approximately 128 occupied, 35 unoccupied, and 10 model homes), approximately 106 homes under construction, and approximately 234 vacant lots available for additional home construction.

The District contains approximately 794.60 total acres of land. The eight (8) subdivisions referenced above encompass a total of 159.50 acres, including areas within the subdivisions dedicated to landscape, open space, utilities, drainage, recreational facilities, and other reserves. The remainder of the District includes approximately 111.50 acres under construction, approximately 15.00 acres for an elementary school, approximately 5.00 acres for the amenity center, approximately 291.10 acres that are undevelopable, and approximately 212.50 acres that are developable.

The following is the status of construction of single-family housing within the District as of October 5, 2026:

	Section Acreage	Section Lots	Homes Completed	Under Construction	Vacant Lots
Legacy, Section 1	10.79	25	10	0	15
Legacy, Section 2	12.93	55	33	13	9
Legacy, Section 3	24.01	85	21	20	44
Legacy, Section 4	13.46	34	15	8	11
Legacy, Section 5	32.69	126	47	28	51
Legacy, Section 6	19.17	73	20	10	43
Legacy, Section 7	10.57	25	4	5	16
Legacy, Section 8	35.87	90	23	22	45
Totals	159.50	513	173	106	234

Single-Family Developed	159.50
Single-Family Under Construction	111.50
Elementary School	15.00
Amenity Center	5.00
Undevelopable	291.10
Remaining Developable	212.50
District Total	794.60

Active Homebuilders

Homebuilders active within the District include Beazer Homes, Coventry Homes, David Weekley Homes, Drees Custom Homes, Highland Homes, Partners in Building, Perry Homes, Shea Homes, Village Builders (Lennar Homes), and Westin Homes. Homes being constructed in the District range in price from approximately $375,000 to $2,000,000 and in size from approximately 1,900 to 5,700 square feet.

DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the annual debt service requirements of the Outstanding Bonds and the principal and interest requirements for the Bonds. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service	Plus: The Bonds			Total Debt Service
		Principal	Interest	Debt Service	
2027	$ 281,049	$ –	$ 478,591	$ 478,591	$ 759,640
2028	408,169	185,000	673,019	858,019	1,266,188
2029	406,419	195,000	658,913	853,913	1,260,331
2030	404,294	205,000	644,044	849,044	1,253,338
2031	401,794	215,000	628,413	843,413	1,245,206
2032	398,919	225,000	612,019	837,019	1,235,938
2033	395,669	240,000	594,863	834,863	1,230,531
2034	397,044	250,000	576,563	826,563	1,223,606
2035	392,669	265,000	557,500	822,500	1,215,169
2036	387,919	280,000	537,294	817,294	1,205,213
2037	387,794	290,000	515,944	805,944	1,193,738
2038	381,919	310,000	501,081	811,081	1,193,000
2039	381,606	325,000	485,194	810,194	1,191,800
2040	378,606	340,000	468,538	808,538	1,187,144
2041	380,356	360,000	451,113	811,113	1,191,469
2042	376,606	375,000	432,663	807,663	1,184,269
2043	377,606	395,000	413,444	808,444	1,186,050
2044	378,106	420,000	393,200	813,200	1,191,306
2045	378,106	440,000	371,675	811,675	1,189,781
2046	377,606	465,000	349,125	814,125	1,191,731
2047	381,606	490,000	325,294	815,294	1,196,900
2048	379,856	515,000	300,181	815,181	1,195,038
2049	377,606	540,000	273,788	813,788	1,191,394
2050	379,856	570,000	245,438	815,438	1,195,294
2051	381,356	600,000	215,513	815,513	1,196,869
2052	376,750	630,000	184,013	814,013	1,190,763
2053	377,000	665,000	150,938	815,938	1,192,938
2054	376,500	700,000	116,025	816,025	1,192,525
2055	380,250	735,000	79,275	814,275	1,194,525
2056	378,000	775,000	40,688	815,688	1,193,688
Total	$ 11,461,037	$ 12,000,000	$ 12,274,341	$ 24,274,341	$ 35,735,378

Average Annual Debt Service Requirement (2027–2056) $1,191,179

Maximum Annual Debt Service Requirement (2028) $1,266,188

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Bonded Indebtedness

2026 Taxable Assessed Valuation	$ 53,652,928	(a)
Estimate of Value as of September 1, 2026	$ 141,464,657	(b)
Direct Debt:		
The Outstanding Bonds	$ 5,725,000	
The Bonds	$ 12,000,000	
Total	$ 17,725,000	
Estimated Overlapping Debt	$ 3,616,424	(c)
Total Direct and Estimated Overlapping Debt	$ 21,341,424	(c)
Direct Debt Ratios:		
Based on the 2026 Taxable Assessed Valuation	33.04 %	
Based on the Estimate of Value as of September 1, 2026	12.53 %	
Direct and Estimated Overlapping Debt Ratios:		
Based on the 2026 Taxable Assessed Valuation	39.78 %	
Based on the Estimate of Value as of September 1, 2026	15.09 %	
Utility Debt Service Fund Balance (as of October 13, 2026)	$ 472,313	(d)
Road Debt Service Fund Balance (as of the Date of Delivery)	$ 785,189	(e)
General Operating Fund Balance (as of October 8, 2026)	$ 67,962	(f)
2026 Tax Rate per $100 of Assessed Valuation:		
Debt Service	$ 0.000	
Maintenance and Operations	$ 1.150	
Total	$ 1.150	
Average Annual Debt Service Requirement (2027–2056)	$ 1,191,179	(g)
Maximum Annual Debt Service Requirement (2028)	$ 1,266,188	(g)
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2027–2056) at 95% Tax Collections:		
Based on the 2026 Taxable Assessed Valuation	$ 2.34	
Based on the Estimate of Value as of September 1, 2026	$ 0.89	
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2028) at 95% Tax Collections:		
Based on the 2026 Taxable Assessed Valuation	$ 2.49	
Based on the Estimate of Value as of September 1, 2026	$ 0.95	
Single-Family Homes as of October 5, 2026	279	(h)

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2026, as certified by the Galveston Central Appraisal District. Such value includes $16,394,034 as the value assigned to properties that remain under review of the Galveston Central Appraisal Review Board as of original certification of the appraisal roll for the 2026 tax year. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Galveston Central Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located in the District as of September 1, 2026, and includes an estimate of additional taxable value resulting from the addition of taxable improvements constructed in the District from January 1, 2026, through September 1, 2026. No taxes will be levied on this estimate of value. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility Debt Service Fund. Funds in the Utility Debt Service Fund are not available to pay debt service on bonds issued for the Road System, including the Bonds.

(e) Represents fourteen (14) months of capitalized interest that will be deposited into the District's Road Debt Service fund upon closing and delivery of the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the debt service fund. Funds in the Road Debt Service Fund are not available to pay debt service on bonds issued for the Utility System.

(f) See "RISK FACTORS – Operating Funds."

(g) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT."

(h) Includes approximately 173 completed homes and approximately 106 homes under construction in the District.

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt September 30, 2026	Estimated Overlapping Percent	Estimated Overlapping Amount	
Galveston County	$126,960,000	0.10%	$ 122,843	
Clear Creek Independent School District (a)	1,093,530,000	0.17%	1,889,434	
City of League City	396,745,000	0.40%	1,604,147	
Total Estimated Overlapping Debt			$ 3,616,424	
The District			$ 17,725,000	(b)
Direct & Estimated Overlapping Debt			$ 21,341,424	(b)

(a) A small portion of the District lies within Santa Fe ISD, but no current developed property lies within the boundaries.

(b) Includes the Bonds and the Outstanding Bonds.

Debt Ratios

	Direct Debt (a)	Direct and Estimated Overlapping Debt (a)
2026 Taxable Assessed Valuation ($53,652,928)	33.04%	39.78%
Estimate of Value as of September 1, 2026 ($141,464,657)	12.53%	15.09%

(a) Includes the Bonds and the Outstanding Bonds.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds, the Outstanding Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Resolution to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds.

In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.50 per $100 of assessed valuation for system operation and maintenance purposes and $0.25 for road facilities maintenance purposes. For the 2026 tax year, the District has levied a total tax rate of $1.15 per $100 of assessed valuation made up entirely of a tax for maintenance and operations.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance and Operations:	$1.50 per $100 of Assessed Valuation.
Road Facilities Maintenance:	$0.25 per $100 of Assessed Valuation.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. On May 6, 2023, the Board was authorized to levy such maintenance and operations tax in an amount not to exceed $1.50 per $100 of assessed valuation for water, wastewater, drainage facilities and park and recreational facilities; and $0.25 per $100 of assessed valuation for road facilities on all taxable property within the District. For the 2026 tax year, the District levied a maintenance and operations tax of $1.15 per $100 of assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on debt issued by the District.

Additional Penalties

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

Historical Collections

The following table illustrates the collection history of the District for the 2024–2026 tax years:

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 08/31/2026
2024	$ 170,254	$ 1.1500	$ 1,958	100.00%	2025	100.00%
2025	2,281,826	1.1500	26,241	100.00%	2026	100.00%
2026	53,652,928	1.1500	617,009	(b)	2027	(b)

(a) Total tax rate per $100 of assessed valuation.

(b) In process of collections. Taxes for the 2026 tax year are due without penalty on January 31, 2027.

Tax Rate Distribution

The following table illustrates the components of the District's tax rate for the 2024–2026 tax years:

	2026	2025	2024
Debt Service	$0.000	$0.000	$0.000
Maintenance & Operations	1.150	1.150	1.150
Total	$1.150	$1.150	$1.150

Analysis of Tax Base

The following table illustrates the District's total taxable assessed value for the 2024–2026 tax years by type of property:

Type of Property	2026 Assessed Value	2025 Assessed Value	2024 Assessed Value
Land	$48,066,983	$6,384,612	$1,094,280
Improvements	14,142,721	-	-
Personal Property	512,790	-	-
Exemptions	(9,069,566)	(4,107,786)	(924,026)
Total	$53,652,928	$2,281,826	$170,254

Principal Taxpayers

The following table illustrates the principal taxpayers, type of property, and their assessed values as of January 1, 2026.

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	Percent of 2026 Tax Roll
Shea Homes Houston LLC (b)	Land & Improvements	$ 5,257,580	9.80%
HW SW Phase 1 LLC (a)	Land & Improvements	4,066,795	7.58%
HW WE Phase 1 LLC (a)	Land & Improvements	3,965,951	7.39%
Beazer Homes Texas LP (b)	Land & Improvements	3,509,270	6.54%
Lennar Homes of Texas Land & Construction LTD (b)	Land & Improvements	2,942,128	5.48%
Weekly Homes LLC (b)	Land & Improvements	2,604,360	4.85%
DFH Coventry LLC (b)	Land & Improvements	2,502,619	4.66%
Partners in Building LP (b)	Land & Improvements	2,489,785	4.64%
Perry Homes LLC (b)	Land & Improvements	2,474,199	4.61%
Westin Homes and Properties LP (b)	Land & Improvements	2,346,080	4.37%
Total		$ 32,158,767	59.94%

(a) See "THE DEVELOPER."
(b) See "DEVELOPMENT WITHIN THE DISTRICT – Active Homebuilders."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District occurs beyond the taxable assessed valuation as of January 1, 2026, of $53,652,928 or the estimate of value as of September 1, 2026, of $141,464,657. The following further assumes collection of 95% of taxes levied and the sale of no additional bonds by the District.

Average Annual Debt Service Requirement (2027–2056)	$ 1,191,179
Tax Rate of $2.34 on the 2026 Taxable Assessed Valuation	$ 1,192,705
Tax Rate of $0.89 on the Estimate of Value as of September 1, 2026	$ 1,196,084
Maximum Annual Debt Service Requirement (2028)	$ 1,266,188
Tax Rate of $2.49 on the 2026 Taxable Assessed Valuation	$ 1,269,160
Tax Rate of $0.95 on the Estimate of Value as of September 1, 2026	$ 1,276,719

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes. Set forth below is an estimation of all 2026 taxes levied by such jurisdictions per $100 of assessed valuation.

Taxing Jurisdiction	2026 Tax Rate
The District	$ 1.150000
City of League City	0.356505
Clear Creek Independent School District	0.969000
Galveston County	0.321060
Galveston County Road and Flood	0.003000
Galveston Co. Consolidated Drainage District	0.127237
Total	$ 2.926802

TAXING PROCEDURES

Set forth below is a summary of certain provisions of the Texas Property Tax Code (the "Property Tax Code") relating to the District's ability to levy and collect property taxes on property within the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. Reference is made to the Property Tax Code for more complete information, including the identification of property subject to taxation; property exempt, or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Utility System, Road System, and Park System, and to pay the expenses of assessing and collecting such taxes (see "RISK FACTORS – Future Debt"). In the Bond Resolution, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." See "TAX DATA – Maintenance and Operations Tax."

Property Tax Code and County-wide Appraisal District

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

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

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, manufactured homes, and certain categories of intangible personal property with a tax situs within the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by 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 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. Such exemption would be transferred to a subsequent residence homestead of the surviving

spouse of a deceased veteran who had received a disability rating of 100%, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies, under certain conditions, to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, 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 in the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

To date, the District has not adopted a residential homestead exemption for individuals who are disabled or 65 years of age or older.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. The District is authorized by statute to disregard previously granted residential homestead exemptions 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. The adoption of a homestead exemption may be considered each year but must be adopted by July 1. To date, the District has not adopted a general residential homestead exemption.

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 not later than 175 days after the person acquired or imported the property into Texas.

A "Goods-in-Transit Exemption" is applicable to goods, wares, merchandise, other tangible personal property, and ores, other than oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory, if such property is acquired in or imported into Texas only if such property is to be forwarded to another location in or outside of Texas and 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, and is transported to another location in the state or outside of the state not later than 175 days after the date the person acquired the property in or imported the property into Texas.

A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

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 Appraisal District 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 (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in Texas 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.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed, except set forth herein with respect to residential homesteads. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% of the amount of the delinquent tax 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. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid.

The Property Tax Code makes provisions for the split payment of taxes and discounts for early payment under certain circumstances which, at the option of the District, may be rejected by taxing units. The Property Tax Code also provides for the postponement of the delinquency date of taxes in certain circumstances. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties, and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector

in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

Certain qualified taxpayers, including 1) owners of residential homesteads or certain properties used for residential purposes, located in a disaster or emergency area and which has been damaged by the disaster or emergency, and 2) certain qualified business entities that own or lease real and/or tangible property, located in a disaster or emergency area and which has been damaged by the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District on taxes imposed on the property prior to the first anniversary of the disaster or emergency if the business entity pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments before the first day of the sixth month after the delinquency date.

Additionally, certain qualified business entities that own or lease real and/or tangible property located in a disaster or emergency area and which has not been damaged by the disaster or emergency, may be permitted by a taxing jurisdiction such as the District, at the taxing jurisdiction's discretion, to enter into a tax payment installment agreement on taxes imposed on the property prior to the first anniversary of the disaster or emergency under the same terms as set forth in the paragraph directly above.

A property owner serving on active duty for any branch of the United States armed forces who is transferred out of the state may defer payment on property taxes without incurring any penalty or interest. Deferred tax payments are due no later than 60 days after the earliest of the following to occur: (1) the person is discharged from active military service, (2) the person returns to the state for more than ten (10) days, or (3) the person returns to non-active-duty status in the reserves. After the deferral period expires, any unpaid delinquent taxes will accrue interest but will not incur any penalty.

Rollback of Operation and Maintenance Tax Rate

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

Low Tax Rate Districts

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

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, 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 or the 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 District.

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 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

For the 2026 tax year, the Board made the determination of the District's status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in 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 on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. See "TAX DATA – Estimated Overlapping Taxes." A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. In the absence of federal law, the District's tax lien takes priority over a tax lien of the United States. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on residential homesteads described under "TAXING PROCEDURES – Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property that was used as the residence homestead of the owner, certain land designated for agricultural use, or a mineral interest sold at a tax sale to a purchaser other than a taxing unit within two (2) years of the date on which the purchaser's deed at the foreclosure sale is filed in the county records. For all other real property, a taxpayer may redeem the property not later than the 180th day following the date on which the purchaser's or taxing unit's deed is filed for record. See "RISK FACTORS – General," "TAX DATA – Estimated Overlapping Taxes," and "TAXING PROCEDURES – Levy and Collection of Taxes."

The District's ability to attach or foreclose a tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended.

THE SYSTEM

General

Construction and operation of the water, wastewater and storm drainage system serving the District as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Construction of water, wastewater and storm drainage facilities is subject to the regulatory authority of the City and Galveston County. The TCEQ also exercises regulatory jurisdiction over portions of the Utility System.

Water Supply and Wastewater Treatment

Permanent water supply and wastewater treatment for the District are provided by the City pursuant to the Utility Agreement. The District pays capital recovery fees to the City and is then allocated equivalent single-family connections for water supply and wastewater treatment. As of August 17, 2026, capital recovery fees for 297 equivalent single-family connections have been paid for and allocated to the District. Water supply and wastewater treatment capacity for future development may require additional water supply and wastewater treatment capacity allocations by the City as provided in the Utility Agreement.

Water Distribution and Wastewater Collection

The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City. The Utility System is owned, maintained, and operated by the City. The City charges and collects the fees associated with the Utility System. The District receives no revenues from the operation of the Utility System; funds for the administration of the District are available from maintenance tax revenue.

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.

Approximately 135 acres within the District are located in the 100-year flood plain. Certain lands currently within the flood plain are planned for future development and will be removed from the floodplain through LOMRs based on Fill.

National Weather Service Atlas 14 Rainfall Study

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.

THE ROAD SYSTEM

The roads within the District vary in width in accordance with standards adopted by the City and the County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District. The City owns and operates the Road System.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of Texas payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect and to the effect that (i) interest on the Bonds is excludable from gross income for federal tax purposes under existing law and (ii) interest on the Bonds will not be subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing herein under "THE BONDS (except for information under the subheading "Payment Record"), "THE DISTRICT – General," "UTILITY AGREEMENT WITH THE CITY OF LEAGUE CITY," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Opinions," "TAX MATTERS," and "CONTINUING DISCLOSURE" (except for the information under the subheading "Compliance with Prior Undertakings"), solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained herein nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas ("Disclosure Counsel").

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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 (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 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 may have to be 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

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.

Not Qualified Tax-Exempt Obligations

The Bonds have not been designated "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE

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.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT" (except under the subheading "Direct and Estimated Overlapping Debt Statement"), "TAX DATA," and in "APPENDIX A" (Audited Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2026. Any information provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule").

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

Material Event Notices

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

Availability of Information from EMMA

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

Limitations and Amendments

The District has agreed to update information and to provide notices of 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 from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have

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

Compliance with Prior Undertakings

The Bonds are the second issuance of bonded indebtedness by the District. The District has complied in all material respects with its prior continuing disclosure agreements made in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Consultants

The information contained in this Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled "USE AND DISTRIBUTION OF BOND PROCEEDS," "THE DISTRICT," "DEVELOPMENT WITHIN THE DISTRICT," and "THE UTILITY SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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.

Updating of Official Statement

If, subsequent to the date of this 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 this 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 this Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement this Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

Certification as to Official Statement

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

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Galveston County Municipal Utility District No. 82 as of the date shown on the cover.

/s/ Joseph Ferro
President, Board of Directors
Galveston County Municipal Utility District No. 82

ATTEST:

/s/ Shari Tuckwell
Secretary, Board of Directors
Galveston County Municipal Utility District No. 82

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 82

GALVESTON COUNTY, TEXAS

FINANCIAL REPORT

December 31, 2025

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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. 82
Galveston County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of Galveston County Municipal Utility District No. 82 (the "District"), as of and for the year ended December 31, 2025, 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 General Fund of Galveston County Municipal Utility District No. 82, as of December 31, 2025, 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
March 12, 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. 82 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2025. 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 December 31, 2025, was negative $33,493,968. The District's net position is negative because the District incurs debt to construct water, sewer, certain storm drainage and road facilities which it conveys to the City of League City. Additionally, the District relies on advances from its developers to fund operating costs. A comparative summary of the District's overall financial position, as of December 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 44,148	$ 7,735
Capital assets	10,752,672	833,027
Total assets	10,796,820	840,762
Current liabilities	39,741	14,209
Long-term liabilities	44,224,806	5,048,697
Total liabilities	44,264,547	5,062,906
Total deferred inflows of resources	26,241	1,958
Net position		
Net investment in capital assets	(130,415)	19,052
Unrestricted	(33,363,553)	(4,243,154)
Total net position	$ (33,493,968)	$ (4,224,102)

The total net position of the District decreased during the current fiscal year by $29,269,866. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes	$ 2,999	$ -
Other	220	237
Total revenues	3,219	237
Expenses		
Operating and administrative	233,621	175,333
Depreciation	157,414	
Total expenses	391,035	175,333
Change in net position before other item	(387,816)	(175,096)
Other item		
Transfers to other governments	(28,882,050)	(3,893,777)
Change in net position	(29,269,866)	(4,068,873)
Net position, beginning of year	(4,224,102)	(155,229)
Net position, end of year	$ (33,493,968)	$ (4,224,102)

Financial Analysis of the District's General Fund

Fund balance in the District's General Fund as of December 31, 2025, was negative $21,834. A comparative summary of the General Fund's financial position as of December 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	$ 44,148	$ 7,735
Total liabilities	$ 39,741	$ 14,209
Total deferred inflows	26,241	1,958
Total fund balance	(21,834)	(8,432)
Total liabilities, deferred inflows and fund balance	$ 44,148	$ 7,735

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

	2025	2024
Total revenues	$ 3,219	$ 237
Total expenditures	(233,621)	(283,440)
Revenues under expenditures	(230,402)	(283,203)
Other changes in fund balance	217,000	250,000
Net change in fund balance	$ (13,402)	$ (33,203)

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 relies on advances from its developers to supplement revenue shortfalls. The deficit fund balance in the General Fund is the result of timing differences between developer advances and expenditures for which those advances are intended to fund.

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 $13,402 less than budgeted. The *Budgetary Comparison Schedule* on page 28 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 December 31, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	$ 4,613,539	$ 833,027
Capital assets being depreciated		
Drainage	6,296,547	
Less accumulated depreciation	(157,414)	
Depreciable capital assets, net	6,139,133	
Capital assets, net	$ 10,752,672	$ 833,027

Capital asset additions during the current year consist of rough-cut detention ponds and final detention to serve Legacy Phase 1.

The District and the City of League City (the "City") have entered into an agreement which obligates the District to construct water, wastewater, certain storm drainage and road 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 December 31, 2025, the District reported transfers to other governments in the amount of $28,882,050 for completed projects expected to be conveyed to the City. Formal conveyance has not yet occurred; however, the transfers have been recognized based on the expectation that the assets will be accepted into the City's system. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of December 31, 2025, the District owes approximately $44,224,806 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 5, the District has an additional commitment in the amount of $8,690,000 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 developers is trued up when the developers are reimbursed.

As of December 31, 2025, the District had $262,500,000 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 $52,500,000 for the refunding of such bonds; $179,000,000 for parks and recreational facilities and $35,800,000 for the refunding of such bonds; and $149,500,000 for road improvements and $29,900,000 for the refunding of such bonds.

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 and the projected cost of operating the District. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2025 Actual	2026 Budget
Total revenues	$ 3,219	$ 26,000
Total expenditures	(233,621)	(340,454)
Revenues under expenditures	(230,402)	(314,454)
Other changes in fund balance	217,000	314,454
Net change in fund balance	(13,402)	
Beginning fund balance	(8,432)	(21,834)
Ending fund balance	$ (21,834)	$ (21,834)

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Basic Financial Statements

Galveston County Municipal Utility District No. 82
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	$ 44,148	$ -	$ 44,148
Capital assets not being depreciated		4,613,539	4,613,539
Capital assets, net		6,139,133	6,139,133
Total Assets	$ 44,148	10,752,672	10,796,820
Liabilities			
Accounts payable	$ 39,369		39,369
Other payables	372		372
Due to developers		44,224,806	44,224,806
Total Liabilities	39,741	44,224,806	44,264,547
Deferred Inflows of Resources			
Deferred property taxes	26,241		26,241
Fund Balance/Net Position			
Fund Balance			
Unassigned	(21,834)	21,834	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 44,148		
Net Position			
Net investment in capital assets		(130,415)	(130,415)
Unrestricted		(33,363,553)	(33,363,553)
Total Net Position		$ (33,493,968)	$ (33,493,968)

See notes to basic financial statements.

Galveston County Municipal Utility District No. 82
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	$ 2,999	$ -	$ 2,999
Miscellaneous	220		220
Total Revenues	3,219		3,219
Expenditures/Expenses			
Operating and administrative			
Professional fees	149,543		149,543
Contracted services	30,678		30,678
Repairs and maintenance	27,789		27,789
Administrative	25,345		25,345
Other	266		266
Depreciation		157,414	157,414
Total Expenditures/Expenses	233,621	157,414	391,035
Revenues Under Expenditures/Expenses	(230,402)	(157,414)	(387,816)
Other Financing Sources			
Developer advances	217,000	(217,000)	
Other Item			
Transfers to other governments		(28,882,050)	(28,882,050)
Net Change in Fund Balance	(13,402)	13,402	
Change in Net Position		(29,269,866)	(29,269,866)
Fund Balance/Net Position			
Beginning of the year	(8,432)	(4,215,670)	(4,224,102)
End of the year	$ (21,834)	$ (33,472,134)	$ (33,493,968)

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. 82 (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 30, 2021, pursuant to 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 April 12, 2022.

The District is responsible for providing water, sewer, drainage, parks and recreation and road facilities within the District. As further discussed in Note 9, the District transfers the water, sewer, certain drainage 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. The District uses only a General

Fund to account for its operations. The District's principal financial resources are developer advances. Expenditures include costs associated with the daily operations of the District.

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. 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.

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 drainage facilities, are depreciated over an estimated useful life of 40 years using the straight-line method. The District's detention facilities 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, collections of the 2025 property tax levy are not considered current year revenues and, consequently, are reported as deferred property taxes.

Deferred inflows of financial resources at the government-wide level consist of the 2025 property tax levy, which was levied to finance the 2026 fiscal year.

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 does not have any restricted fund balances.

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 – deficit balance 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 useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to the City of League City and the value of capital assets for which the developers have 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 Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ (21,834)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 10,910,086	
Less accumulated depreciation	(157,414)	
		10,752,672
Amounts due to the District's developers for prefunded construction and developer advances are recorded as a liability in the *Statement of Net Position*.		(44,224,806)
Total net position - governmental activities		$ (33,493,968)

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

Net change in fund balances - total governmental funds		$ (13,402)
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:		
Transfers to other governments	$ (28,882,050)	
Depreciation	(157,414)	
		(29,039,464)
Amount received from the District's developers for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position*.		(217,000)
Change in net position of governmental activities		$ (29,269,866)

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.

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2025, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 833,027	$ 3,780,512	$ 4,613,539
Capital assets being depreciated			
Drainage		6,296,547	6,296,547
Less accumulated depreciation		(157,414)	(157,414)
Subtotal depreciable capital assets, net		6,139,133	6,139,133
Capital assets, net	$ 833,027	$ 9,919,645	$ 10,752,672

Depreciation expense for the current fiscal year was $157,414.

Note 5 – 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 developers are 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	$ 5,048,697
Developer funded construction	38,959,109
Operating advances from developers	217,000
Due to developers, end of year	$ 44,224,806

In addition, the District will owe the developers approximately $8,690,000 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 developers is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount*
Legacy offsite utilities, waterline and force main	$ 3,320,000
Legacy Section 8 - utilities	1,730,000
Legacy Drive Phase 2 - bridge construction and paving	3,300,000
Legacy Phase I Detention Pond Lake B - landscaping improvements	340,000
	$ 8,690,000

* Rounded to the nearest $10,000

Note 6 – Long-Term Debt

At December 31, 2025, the District had authorized but unissued bonds in the amount of $262,500,000 for water, sanitary sewer and drainage systems within the District and $52,500,000 for the refunding of such bonds; $179,000,000 for parks and recreational facilities and $35,800,000 for the refunding of such bonds; and $149,500,000 for road improvements and $29,900,000 for the refunding of such bonds.

Note 7 – Property Taxes

On May 6, 2023, 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.

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 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of

$1.15 per $100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was $1,958 on the adjusted taxable value of $170,254.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2025 levy collections in the amount of $26,241 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2025 tax levy of $26,241 is reported as deferred inflows. These amounts will be recognized as revenue in 2026.

Note 8 – 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, certain storm drainage and road facilities to the City (see Note 9). 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 developers are subsequently reimbursed. For the year ended December 31, 2025, the District reported transfers to other governments in the amount of $28,882,050 for completed projects expected to be conveyed to the City. Formal conveyance has not yet occurred; however, the transfers have been recognized based on the expectation that the assets will be accepted into the City's system.

Note 9 – Utility Agreement with the City of League City

On November 10, 2020, and amended October 11, 2022, the District entered into a utility agreement with the City for construction and extension of water distribution lines, sanitary sewer collection systems, storm drainage, parks and recreation and road facilities to serve the District. As the system is acquired or constructed, the District shall transfer the system (excluding detention facilities and parks and recreation facilities) 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 sewer 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 10 – 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 11 – Economic Dependency

The District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' willingness to

make future operating advances and/or to pay property taxes will directly affect the District's ability to meet its future obligations.

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Required Supplementary Information

Galveston County Municipal Utility District No. 82
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	$ 1,958	$ 2,999	$ 1,041
Miscellaneous		220	220
Total Revenues	1,958	3,219	1,261
Expenditures			
Operating and administrative			
Professional fees	110,000	149,543	(39,543)
Contracted services	30,000	30,678	(678)
Repairs and maintenance		27,789	(27,789)
Administrative	26,604	25,345	1,259
Other		266	(266)
Total Expenditures	166,604	233,621	(67,017)
Revenues Under Expenditures	(164,646)	(230,402)	(65,756)
Other Financing Sources			
Developer advances	164,646	217,000	52,354
Net Change in Fund Balance		(13,402)	(13,402)
Fund Balance			
Beginning of the year	(8,432)	(8,432)	
End of the year	$ (8,432)	$ (21,834)	$ (13,402)

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 fiscal year.

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Texas Supplementary Information

Galveston County Municipal Utility District No. 82
TSI-1. Services and Rates
December 31, 2025

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 provided 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):

Does the District have Debt Service standby fees? Yes [ ] No [X]

If yes, Date of the most recent commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes [ ] No [X]

If yes, Date of the most recent commission Order: _____

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. 82
TSI-2. General Fund Expenditures
For the Year Ended December 31, 2025

Professional fees		
Legal	$	113,026
Audit		14,000
Engineering		22,517
		149,543
Contracted services		
Bookkeeping		30,678
Repairs and maintenance		27,789
Administrative		
Directors fees		10,387
Printing and office supplies		573
Insurance		3,395
Other		10,990
		25,345
Other		266
Total expenditures	$	233,621

See accompanying auditor's report.

Galveston County Municipal Utility District No. 82
TSI-4. Taxes Levied and Receivable
December 31, 2025

	Maintenance Taxes
Taxes Receivable, Beginning of Year	$ -
Adjustments to Prior Year Tax Levy	1,041
Adjusted Receivable	1,041
2025 Original and Adjusted Tax Levy	26,241
Tax collections:	
Current year	26,241
Prior years	1,041
Total Collections	27,282
Taxes Receivable, End of Year	$ -

	2025	2024
Property Valuations:		
Land	$ 6,384,612	$ 1,094,280
Exemptions	(4,102,786)	(924,026)
Total Property Valuations	$ 2,281,826	$ 170,254
Tax Rates per $100 Valuation:		
Maintenance tax rates	$ 1.15	$ 1.15
Adjusted Tax Levy:	$ 26,241	$ 1,958
Percentage of Taxes Collected to Taxes Levied ***	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 6, 2023

** Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 6, 2023

*** 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. 82
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Four Fiscal Years

	Amounts			
	2025	2024	2023**	2022**
Revenues				
Property taxes	$ 2,999	$ -	$ -	$ -
Miscellaneous	220	237		
Total Revenues	3,219	237		
Expenditures				
Operating and administrative				
Professional fees	149,543	127,033	58,222	54,147
Contracted services	30,678	23,607	11,758	4,279
Repairs and maintenance	27,789			
Administrative	25,345	24,265	13,008	12,577
Other	266	428	173	1,065
Capital outlay		108,107		
Total Expenditures	233,621	283,440	83,161	72,068
Revenues Under Expenditures	(230,402)	(283,203)	(83,161)	(72,068)
Other Financing Sources				
Developer advances	217,000	250,000	150,000	30,000
Net Change in Fund Balance	(13,402)	(33,203)	66,839	(42,068)
Fund Balance, Beginning of the year	(8,432)	24,771	(42,068)	
End of the year	$ (21,834)	$ (8,432)	$ 24,771	$ (42,068)

** Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues			
2025	2024	2023**	2022**
93%	-%	-%	-%
7%	-		
100%	-	-	-
4646%	-	-	-
953%	-	-	-
863%			
787%	-	-	-
8%	-	-	-
	-		
7257%	-	-	-
(7157%)	-%	-%	-%

Galveston County Municipal Utility District No. 82
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2025

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):	August 8, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Joseph Ferro	05/24 - 05/28	$ 1,989	$ 140	President
Kimberly Dawn Sanders	05/24 - 05/28	1,989		Vice President
Shari Tuckwell	05/23 - 05/26	2,652		Secretary
Liz Lee	01/24 - 05/26	1,547	44	Assistant Vice President
Alexander Calvo	05/23 - 05/26	2,210	50	Assistant Secretary
		Amounts Paid		
Consultants				
The Muller Law Group	2022	$ 115,649		Attorney
Municipal Accounts & Consulting	2024	34,927		Bookkeeper
Galveston County Tax Office	2024			Tax Collector
Galveston Central Appraisal District	Legislation			Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2024			Delinquent Tax Attorney
GFT, Inc.	2022	27,716		Engineer
Clark Condon Associates, Inc.	2025			Landscape Architect
McGrath & Co., PLLC	2024	14,000		Auditor
Robert W. Baird & Co., Inc.	2022			Financial Advisor

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

See accompanying auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

SPECIMEN

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

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

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