OFFICIAL STATEMENT DATED NOVEMBER 5, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The Bonds are not designated "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

Park Bonds: **S&P Global Ratings (AG Insured)..... "AA"**
Park Bonds: **Moody's Ratings (AG Insured)....."A1"**
Park Bonds: **Moody's Ratings (Underlying)....."A3"**
Road Bonds: **S&P Global Ratings (BAM Insured) ..... "AA"**
Road Bonds: **Moody's Ratings (Underlying) ....."A3"**

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

(A Political Subdivision of the State of Texas Located within Harris County)

$14,460,000
DEFINED AREA NO. 1 UNLIMITED TAX PARK BONDS
SERIES 2026

$5,630,000
DEFINED AREA NO. 1 UNLIMITED TAX ROAD BONDS
SERIES 2026

Dated Date: December 1, 2026
Interest accrues from Date of Delivery

Due: March 1, as shown on the inside cover

The Defined Area No. 1 $14,460,000 Unlimited Tax Park Bonds, Series 2026 (the "Park Bonds"), and Defined Area No. 1 $5,630,000 Unlimited Tax Road Bonds, Series 2026 (the "Road Bonds," and together with the Park Bonds, the "Bonds"), are special limited obligations of Defined Area No. 1 in Harris County Municipal Utility District No. 165 (the "District") and are not obligations of the State of Texas, the City of Houston, Texas, Harris County, Texas, or any political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, Harris County, 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, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from the initial date of delivery (expected to be on or about December 9, 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 the denomination 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 will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System."

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

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

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

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of two separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied upon all taxable property within Defined Area No. 1 (as defined herein) within the District. The Bonds are not secured by the proceeds of ad valorem taxes levied by the District upon taxable property that is located within the District but not within Defined Area No. 1.

INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN.

See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchasers, subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about December 9, 2026.

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

$14,460,000 DEFINED AREA NO. 1 UNLIMITED TAX PARK BONDS, SERIES 2026

$6,115,000 Serial Bonds

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 41425K (b)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 41425K (b)
2028	$ 300,000	5.750%	3.200%	CC8	2035 (c)	$ 440,000	5.000%	3.900%	CK0
2029	315,000	5.750%	3.300%	CD6	2036 (c)	465,000	5.000%	4.000%	CL8
2030	335,000	5.750%	3.400%	CE4	2037 (c)	490,000	5.000%	4.100%	CM6
2031	350,000	5.750%	3.500%	CF1	2038 (c)	515,000	5.000%	4.200%	CN4
2032 (c)	370,000	5.000%	3.600%	CG9	2039 (c)	545,000	5.000%	4.300%	CP9
2033 (c)	390,000	5.000%	3.700%	CH7	2040 (c)	575,000	5.000%	4.450%	CQ7
2034 (c)	415,000	5.000%	3.800%	CJ3	2041 (c)	610,000	5.000%	4.550%	CR5

$8,345,000 Term Bonds

$1,325,000 Term Bond Due March 1, 2043 (c)(d), Interest Rate: 5.000% (Price: $100.940) (a), CUSIP No. 41425K CT1 (b)

$1,480,000 Term Bond Due March 1, 2045 (c)(d), Interest Rate: 5.000% (Price: $100.559) (a), CUSIP No. 41425K CV6 (b)

$1,645,000 Term Bond Due March 1, 2047 (c)(d), Interest Rate: 5.000% (Price: $100.181) (a), CUSIP No. 41425K CX2 (b)

$1,840,000 Term Bond Due March 1, 2049 (c)(d), Interest Rate: 5.000% (Price: $100.000) (a), CUSIP No. 41425K CZ7 (b)

$2,055,000 Term Bond Due March 1, 2051 (c)(d), Interest Rate: 3.500% (Price: $75.037) (a), CUSIP No. 41425K DB9 (b)

$5,630,000 DEFINED AREA NO. 1 UNLIMITED TAX ROAD BONDS, SERIES 2026

$4,830,000 Serial Bonds

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 41425K (b)	Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 41425K (b)
2028	$ 115,000	6.000%	3.050%	DC7	2039 (c)	$ 215,000	5.000%	4.150%	DP8
2029	125,000	6.000%	3.150%	DD5	2040 (c)	225,000	5.000%	4.250%	DQ6
2030	130,000	6.000%	3.250%	DE3	2041 (c)	235,000	5.000%	4.350%	DR4
2031	135,000	6.000%	3.350%	DF0	2042 (c)	250,000	5.000%	4.450%	DS2
2032 (c)	145,000	6.000%	3.450%	DG8	2043 (c)	265,000	5.000%	4.550%	DT0
2033 (c)	155,000	5.000%	3.550%	DH6	2044 (c)	280,000	5.000%	4.630%	DU7
2034 (c)	160,000	5.000%	3.650%	DJ2	2045 (c)	295,000	5.000%	4.700%	DV5
2035 (c)	170,000	5.000%	3.750%	DK9	2046 (c)	310,000	5.000%	4.750%	DW3
2036 (c)	180,000	5.000%	3.850%	DL7	2047 (c)	330,000	5.000%	4.800%	DX1
2037 (c)	190,000	5.000%	3.950%	DM5	2048 (c)	350,000	5.000%	4.850%	DY9
2038 (c)	200,000	5.000%	4.050%	DN3	2049 (c)	370,000	5.000%	4.900%	DZ6

$800,000 Term Bond

$800,000 Term Bond Due March 1, 2051 (c)(d), Interest Rate: 3.500% (Price: $77.882) (a), CUSIP No. 41425K EB8 (b)

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

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds.

(c) The Bonds maturing on and after March 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 March 1, 2031, or any date thereafter. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."

(d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on March 1 in the years and in the amounts set forth herein under "THE BONDS – Redemption of the Bonds – *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 in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Initial Purchasers.

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

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

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

BAM makes no representation regarding the Road Bonds or the advisability of investing in the Road 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 C."

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 in this Official Statement, until delivery of the Bonds to the Initial Purchasers and thereafter only as specified in "OFFICIAL STATEMENT – Updating of Official Statement."

References to web site addresses presented herein are for information purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified other, sub web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

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APPENDIX B Specimen Municipal Bond Insurance Policy – Park Bonds

APPENDIX C Specimen Municipal Bond Insurance Policy – Road Bonds

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Park Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Park Bond Initial Purchaser") to purchase the Park Bonds bearing the interest rates shown on the inside cover page hereof under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.212697% of the par value which resulted in a net effective interest rate of 4.863572%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Road Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by Robert W. Baird & Co., Inc., (the "Road Bond Initial Purchaser") to purchase the Road Bonds bearing the interest rates shown on the inside cover page hereof under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.000000% of the par value, which resulted in a net effective interest rate of 4.890444%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Throughout this Official Statement, the term "Initial Purchasers" refers to the Park Bond Initial Purchaser in its capacity as purchaser of the Park Bonds as well as the Road Bond Initial Purchaser in its capacity as purchaser of the Road Bonds.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchasers 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 THIS OFFERING, THE INITIAL PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon 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.

MUNICIPAL BOND INSURANCE

The Park Bonds

Bond Insurance Policy

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

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

Assured Guaranty Inc.

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

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

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.
- The contingency reserve of AG was approximately $1,569 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Park Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "MUNICIPAL BOND INSURANCE – The Park Bonds - Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

The Road Bonds

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

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

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

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its

policies of insurance. The above rating is not a recommendation to buy, sell or hold the Road 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 Road Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Road 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 Road Bond Policy), and BAM does not guarantee the market price or liquidity of the Road Bonds, nor does it guarantee that the rating on the Road 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 www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

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 Road 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 Road Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Road Bonds, whether at the initial offering or otherwise.

RATINGS

The Park Bonds are expected to receive an insured rating of "AA" (stable outlook) from S&P solely in reliance upon the issuance and delivery of the Bond Policy by AG at the time of delivery of the Park 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 Park Bonds are expected to receive an insured rating of "A1" (stable outlook) from Moody's solely in reliance upon the issuance and delivery of the Bond Policy by AG at the time of delivery of the Park Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. 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 Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Park Bonds.

The Road Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the Road Bond Policy for the Road Bonds by BAM at the time of delivery of the Road 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.

Moody's has assigned an underlying credit rating of "A3" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. 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 Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the ratings discussed above.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Harris County Municipal Utility District No. 165 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."
The Bonds	The District's Defined Area No. 1 $14,460,000 Unlimited Tax Park Bonds, Series 2026 (the "Park Bonds"), and Defined Area No. 1 $5,630,000 Unlimited Tax Road Bonds, Series 2026 (the "Road Bonds," and together with the Park Bonds, the "Bonds"), are dated December 1, 2026. Interest accrues from the initial date of delivery (expected to be on or about December 9, 2026) (the "Date of Delivery"), at the rates set forth on the inside cover page hereof, and is payable March 1, 2027, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds mature on March 1 in the each of the years and principal amounts as set forth on the inside cover page hereof. See "THE BONDS."
Redemption of the Bonds	The Bonds that mature on and after March 1, 2032, are subject to redemption, at the option of the District, in whole or from time to time in part, on March 1, 2031, or on any date thereafter. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*." The Park Bonds maturing on March 1, 2028, through March 1, 2041, both inclusive, are serial bonds. The Park Bonds maturing on March 1 in the years 2043, 2045, 2047, 2049, and 2051 are term bonds (the "Park Term Bonds") that are subject to mandatory sinking fund redemption provisions as set out herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*." The Road Bonds maturing on March 1, 2028, through March 1, 2049, both inclusive, are serial bonds. The Road Bond maturing on March 1 in the year 2051 is a term bond (the "Road Term Bond," and together with the Park Term Bonds, the "Term Bonds") that is subject to mandatory sinking fund redemption provisions as set out herein under "THE BONDS – Redemption of the Bonds – *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, 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 the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of The Depository Trust Company for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Source of Payment	The Bonds are special limited obligations of the District payable from the proceeds of two separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied by the District

upon all taxable property within the Defined Area No. 1 (defined herein) within the District. The Bonds are not secured by the proceeds of ad valorem taxes levied by the District upon taxable property that is located within the District but not within Defined Area No. 1. The Bonds are obligations of the District and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas, or any entity other than the District. See "THE BONDS – Source of Payment."

Authority for Issuance..... The Park Bonds are issued pursuant to: an order of the Texas Commission on Environmental Quality (the "TCEQ"); the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; Article XVI, Section 59, of the Texas Constitution; a resolution authorizing the issuance of the Park Bonds adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Park Bonds (the "Park Bond Resolution"); and an election held in Defined Area No. 1 within the District on May 4, 2019.

The Road Bonds are issued pursuant to a resolution adopted by the Board authorizing the issuance of the Road Bonds (the "Road Bond Resolution"); an election held in Defined Area No. 1 within the District on May 4, 2019; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; and Article III, Section 52 of the Texas Constitution. See "THE BONDS – Authority for Issuance."

Outstanding Bonds ..... The Park Bonds represent the District's first issuance of unlimited tax bonds for park facilities that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. The Road Bonds represent the District's sixth issuance of unlimited tax bonds for road facilities that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. The District has previously issued $8,130,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2022, $6,250,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2022A, $12,850,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2023, $13,610,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2024, and $6,950,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2025. As of the Date of Delivery, $46,000,000 principal amount of such previously issued bonds will remain outstanding (the "Defined Area No. 1 Outstanding Bonds").

The District has previously issued unlimited tax bonds that are secured by the proceeds of taxes levied upon taxable property within the entire District (including Defined Area No. 1, Defined Area No. 2, and Defined Area No. 3 (defined herein)) as follows: twenty-four (24) series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater and storm drainage system serving the District (the "System") and seven (7) series of unlimited tax refunding bonds. Of such bonds previously issued by the District, $334,405,000 principal amount will remain outstanding as of the Date of Delivery (the "District Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."

Additionally, the District has previously issued five series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities and two series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2. As of the Date of Delivery, $65,045,000 principal

amount of such previously issued bonds will remain outstanding (the "Defined Area No. 2 Outstanding Bonds").

Bonds issued for Defined Area No. 2 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 2 and not on any other part of the District, including Defined Area No. 1 or Defined Area No. 3.

Additionally, the District has not previously issued any unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities or system facilities serving Defined Area No. 3. However, the District is in the process of issuing its $9,750,000 Defined Area No. 3 Unlimited Tax Road Bonds, Series 2026, which are anticipated to close on November 10, 2026. As of the Date of Delivery, $9,750,000 principal amount of such bonds is expected to remain oustanding (the "Defined Area No. 3 Outstanding Bonds"). The Defined Area No. 3 Outstanding Bonds are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 3.

Use of Proceeds of the Park Bonds ..... Proceeds from the sale of the Park Bonds will be used to reimburse the Developer (defined herein) for costs of construction of certain recreational facilities serving Defined Area No. 1. Proceeds of the Park Bonds will also be used to pay twelve (12) months of capitalized interest, developer interest and costs associated with issuance of the Bonds. See "THE BONDS – Use and Distribution of Park Bond Proceeds" for further information.

Use of Proceeds of the Road Bonds ..... Proceeds from the sale of the Road Bonds will be used to reimburse the Developer for costs of construction of certain road improvements serving Defined Area No. 1. Proceeds of the Road Bonds will also be used to pay developer interest and costs associated with issuance of the Road Bonds. See "THE BONDS – Use and Distribution of Road Bond Proceeds" for further information.

Prior Default ..... In September 1992, the District defaulted on the payment of principal of and interest on its $1,400,000 Unlimited Tax Bonds, Series 1982, $1,700,000 Unlimited Tax Bonds, Series 1983, and $2,150,000 Unlimited Tax Bonds, Series 1984 (collectively, the "Defaulted Bonds"), filed bankruptcy and adjusted its debt by issuing amended bonds in exchange for the Defaulted Bonds. Such amended bonds were subsequently defeased by the issuance of the $4,185,000 Unlimited Tax Refunding Bonds, Series 2000. See "THE BONDS – District's Prior Bankruptcy."

District's Prior Bankruptcy ..... In 1992, the District filed an application with the Texas Water Commission, predecessor to the TCEQ, requesting authorization to file a petition in bankruptcy under Chapter 9 of the United States Bankruptcy Code. By Order issued on December 21, 1992, the Texas Water Commission approved the District's application and the District filed a voluntary petition in the United States Bankruptcy Court for the Southern District of Texas, Case No. 93-43120-H4-9 for relief under Chapter 9 of the Bankruptcy Code. Pursuant to the District's approved Bankruptcy Plan, the District has satisfied all classes of claims, including the claims of the holders of the Defaulted Bonds. The defeasance of the District's Defaulted Bonds in 2000 satisfied the only remaining outstanding claims against the District. From that point forward, the District no longer operates subject to the Bankruptcy Plan. See "THE BONDS – District's Prior Bankruptcy."

Not Qualified Tax-Exempt Obligations	The Bonds are not designated "qualified tax-exempt obligations" for financial institutions.
Municipal Bond Insurance	*The Park Bonds:* Assured Guaranty Inc. ("AG"). See "MUNICIPAL BOND INSURANCE."
	The Road Bonds: Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."
Ratings	*The Park Bonds:* S&P Global Ratings (AG Insured): "AA." Moody's Ratings (AG Insured): "A1." Moody's Ratings (Underlying): "A3." See "RATINGS."
	The Road Bonds: S&P Global Ratings (BAM Insured): "AA." Moody's Ratings (Underlying): "A3." See "RATINGS."
Legal Opinion	Allen Boone Humphries Robinson LLP, Houston, Texas. See "LEGAL MATTERS."
Financial Advisor	Cedar Creek Municipal Advisors, LLC, Houston, Texas.
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar	Zions Bancorporation, National Association, Houston, Texas.

THE DISTRICT

Description	The District was created by the Texas Water Commission, predecessor of the TCEQ, in 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District contained approximately 441 acres at the time of creation. Due to several subsequent annexations, the District now contains approximately 4,739 acres. The District is located entirely within the extraterritorial jurisdiction of the City of Houston and entirely within Harris County, Texas, approximately 25 miles northwest of the central business district of the City of Houston, Texas, approximately 4 miles west of the intersection of Farm-to-Market Road 529 and State Highway 6. The District is accessible via Texas State Highway 6 to Farm-to-Market Road 529 and is located within Cypress-Fairbanks Independent School District.
Defined Area No. 1	On February 7, 2019, the District created "Defined Area No. 1" over approximately 833.04 acres of land within the District pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve Defined Area No. 1. On May 4, 2019, voters within Defined Area No. 1 authorized $281,255,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 1, and for the refunding of such bonds; $149,440,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 1, and for the refunding of such bonds; and $43,995,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 1, and for the refunding of such bonds. At such election held on May 4, 2019, voters within Defined Area No. 1 also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 1 facilities.

The Park Bonds represent the District's first issuance of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining park facilities (the "Park System") that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. The Road Bonds represent the District's sixth issuance of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 1 (the "Road System") from the voted authorization referenced above. Bonds issued for Defined Area No. 1 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 1 and not on any other part of the District. See "THE BONDS – Source of Payment."

Defined Area No. 2 ..... On August 6, 2020, the District approved the annexation of approximately 854.61 acres into its boundaries and designated approximately 858.64 acres (being the 854.61-acre tract annexed into the District plus 4.03 acres within the District's boundaries prior to August 6, 2020) as "Defined Area No. 2." On November 3, 2020, voters within Defined Area No. 2 approved the designation of Defined Area No. 2 pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code and authorized the District's issuance of the following bonds: $277,673,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $49,297,112 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $155,836,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $27,727,294 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $36,431,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2; and $10,930,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2. At such election held on November 3, 2020, voters within Defined Area No. 2 also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 2 facilities.

To date, the District has issued five series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities and two series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2. from the voted authorization related to Defined Area No. 2. Bonds issued for Defined Area No. 2 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 2 and not any other part of the District. See "THE BONDS – Issuance of Additional Debt.'"

Defined Area No. 3 ..... On July 11, 2024, the District approved the annexation of approximately 459.22 acres, however only 457.57 of such acres were annexed into its boundaries and designated such acres as "Defined Area No. 3." On November 5, 2024, voters within Defined Area No. 3 authorized the issuance of $450,750,000 principal

amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 3, and for the refunding of such bonds; $191,550,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 3, and for the refunding of such bonds; and $85,050,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 3, and for the refunding of such bonds. At such election held on November 5, 2024, voters within Defined Area No. 3 also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 3 facilities.

To date, the District has not previously issued any unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities or system facilities serving Defined Area No. 3. However, the District is in the process of issuing its $9,750,000 Defined Area No. 3 Unlimited Tax Road Bonds, Series 2026, which are anticipated to close on November 10, 2026.

Bonds issued for Defined Area No. 3 will be payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 3 and not on any other part of the District. See "THE BONDS – Issuance of Additional Debt."

Development within Defined Area No. 1 .... As of October 8, 2026, approximately 462.00 acres (1,635 lots) within Defined Area No. 1 have been developed into the single-family subdivisions of Bridge Creek, Sections 1-13 and Avalon at Cypress, Sections 1-8, 10-12, 14, W-1, W-2, W-3 and W-4. As of October 8, 2026, the single-family residential development in Defined Area No. 1 included approximately 1,388 completed homes, approximately 93 homes under construction and approximately 154 vacant developed lots available for additional home construction. The remainder of the approximate 833.04 total acres in Defined Area No. 1 includes approximately 68.18 acres under design, approximately 154.86 acres planned for additional development, approximately 14.00 acres planned for parks and recreational improvements, and approximately 134.00 acres that are undevelopable (including lands for major roads, detention, and pipeline easements). See "PRINCIPAL LANDOWNERS/DEVELOPERS" and "STATUS OF DEVELOPMENT – Defined Area No. 1."

Development within the District..... Approximately 3,239.08 acres (12,750 lots) within the District have been developed into the single-family subdivisions of Tealbrook, Sections 1–3; Towne Lake Greene, Sections 1–4; Lancaster, Sections 1 and 2; Amhurst, Section 2; Yaupon Ranch, Sections 1–7; Yaupon Place, Sections 1 and 2; Remington Grove, Sections 1–3; Cypress Springs, Sections 1–6; Cypress Springs South, Sections 1 and 2; Canyon Lakes West, Sections 1–5 and 7–12; Pine Creek at Canyon Lakes West, Sections 2–14; Gates at Canyon Lakes West, Section 1; College Park West, Sections 1–5; Villas at Canyon Lakes West; Mirabella, Sections 1–11; Miramesa, Sections 1–10; Mountain Springs; Bridge Creek, Sections 1–13; Marvida, Sections 1–30; Grand Mason, Sections 7-12; and Avalon at Cypress, Sections 1-8, 10-12, 14, W-1, W-2, W-3 and W-4. As of September 3, 2026, the single-family residential development in the District included approximately 12,090 completed homes, approximately 132 homes under

construction and approximately 528 vacant developed lots. To date, approximately 172.94 acres in the District have been developed as commercial reserves that include several restaurants, a Star Cinema, three (3) gas stations, a CVS Pharmacy, a Wells Fargo Bank, a retail shopping strip, a National Tire & Battery, an O'Reilly's Auto Parts, a dry cleaner, a church, Jones Automotive, Discovery Years Early Learning Center and a self-storage center.

The remaining land within the District consists of approximately 665.14 undeveloped but developable acres and approximately 662.22 undevelopable acres made up of easements, rights-of-way and greenbelts. See "PRINCIPAL LANDOWNERS/DEVELOPERS," "STATUS OF DEVELOPMENT – The District," and "THE DISTRICT."

Developer..... Taylor Morrison of Texas, Inc. ("Taylor Morrison" or the "Developer") operating under the name of William Lyon Homes Communities – Texas LLC, a subsidiary of Taylor Morrison is the principal developer of land within Defined Area No. 1. In addition, there are several tracts of land outside of Defined Area No. 1 within the District that have been or are being developed by other developers. See "PRINCIPAL LANDOWNERS/DEVELOPERS" and "STATUS OF DEVELOPMENT."

Homebuilders within The District..... Taylor Morrison Homes is the only active homebuilder within Defined Area No. 1. Prices of new homes being constructed within Defined Area No. 1 range from approximately $340,000 to $800,000.

Homebuilders active within the District include: Anglia Homes, Ashton Woods, Beazer Homes, Century Communities, Chesmar Homes, Colina Homes, David Weekley Homes, DR Horton, Brightland Homes, Hamilton Thomas Homes, K. Hovnanian Homes, Lennar Homes, Long Lake, Meritage Homes, Perry Homes, and Westin Homes. Prices of new homes being constructed within the District range from approximately $250,000 to $635,000. See "PRINCIPAL LANDOWNERS/DEVELOPERS – Homebuilders within the District."

INVESTMENT CONSIDERATIONS

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2026 Taxable Assessed Valuation of Defined Area No. 1	$	652,786,048	(a)
Estimate of Value as of July 1, 2026, of Defined Area No. 1	$	716,305,977	(b)
Direct Debt of Defined Area No. 1:			
The Defined Area No. 1 Outstanding Bonds	$	46,000,000	
The Park Bonds	$	14,460,000	
The Road Bonds	$	5,630,000	
Total	$	66,090,000	
Estimated Overlapping Debt of Defined Area No. 1	$	91,266,832	(c)
Total Direct and Estimated Overlapping Debt of Defined Area No. 1	$	157,356,832	(d)
Direct Debt Ratios of Defined Area No. 1 (c):			
As a percentage of 2026 Taxable Assessed Valuation		10.12	%
As a percentage of Estimate of Value as of July 1, 2026		9.23	%
Direct and Estimated Overlapping Debt Ratios of Defined Area No. 1 (c):			
As a percentage of 2026 Taxable Assessed Valuation		24.11	%
As a percentage of Estimate of Value as of July 1, 2026		21.97	%
Defined Area No. 1 Utility Debt Service Fund Balance (as of Date of Delivery)	$	701,925	
Defined Area No. 1 Road Debt Service Fund Balance (as of October 8, 2026)	$	2,103,221	
District Debt Service Fund Balance (as of October 8, 2026)	$	24,083,271	(e)
District General Fund Balance (as of October 8, 2026)	$	45,859,419	
District Capital Projects Fund Balance (as of October 8, 2026)	$	27,702,979	
2026 Tax Rate per $100 of Assessed Taxable Valuation			
District Debt Service		$ 0.57	(f)
District Maintenance		$ 0.25	
Total District Tax Rate (Not within Defined Area Nos. 1, 2, or 3)		$ 0.82	(f)
Defined Area No. 1 Tax Rate		$ 0.68	(g)
Total Defined Area No. 1 Tax Rate		$ 1.50	(g)
Defined Area No. 2 Tax Rate		$ 0.46	(h)
Total Defined Area No. 2 Tax Rate		$ 1.28	(h)
Defined Area No. 3 Tax Rate		$ 0.68	(i)
Total Defined Area No. 3 Tax Rate		$ 1.50	(i)
Average Annual Debt Service Requirement on the Bonds and the Defined Area No. 1 Outstanding Bonds (2027–2051)		$ 4,323,807	(j)
Maximum Annual Debt Service Requirement on the Bonds and the Defined Area No. 1 Outstanding Bonds (2048)		$ 4,711,628	(j)
Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirement (2027–2051) on the Bonds and the Defined Area No. 1 Outstanding Bonds at 95% Tax Collections:			
Based Upon the 2026 Taxable Assessed Valuation of Defined Area No. 1		$ 0.70	
Based Upon the Estimate of Value as of July 1, 2026, of Defined Area No. 1		$ 0.64	
Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement (2048) on the Bonds and the Defined Area No. 1 Outstanding Bonds at 95% Tax Collections:			
Based Upon the 2026 Taxable Assessed Valuation of Defined Area No. 1		$ 0.76	
Based Upon the Estimate of Value as of July 1, 2026, of Defined Area No. 1		$ 0.70	

(a) Represents the assessed valuation of all taxable property in Defined Area No. 1 as of January 1, 2026, provided by the Harris Central Appraisal District. Includes $36,679,415 of uncertified value. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Harris Central Appraisal District for information purposes only, this amount is an estimate of the value of all taxable property located within Defined Area No. 1 as of July 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through July 1, 2026. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) Includes Defined Area No. 1's share of the District Outstanding Bonds as of the Date of Delivery. See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

(d) Includes the Bonds and the Defined Area No. 1 Outstanding Bonds.

(e) Reflects funds available for payment of debt service on District Outstanding Bonds that are not Defined Area No. 1 Outstanding Bonds, Defined Area No. 2 Outstanding Bonds, or Defined Area No. 3 Outstanding Bonds. Such funds may not be used for payment of debt service on the Defined Area No. 1 Bonds, including the Bonds.

(f) Represents the tax levied by the District upon taxable property located within the entire District, including Defined Area No. 1, Defined Area No. 2, and Defined Area No. 3 the proceeds of which are available only for payment of debt service on District Outstanding Bonds or any additional unlimited tax bonds issued by the District that are secured by the proceeds of taxes levied upon taxable property within the entire District. This tax is separate from the ad valorem taxes that are levied by the District upon taxable property located only within Defined Area No. 1, Defined Area No. 2, or Defined Area No. 3. See "TAX DATA – Estimated Overlapping Taxes."

(g) For the 2026 tax year, the District levied a tax of $0.68 upon property located only within Defined Area No. 1. Such tax rate is composed entirely of a tax for payment of debt service on the Bonds, the Defined Area No. 1 Outstanding Bonds, and any additional bonds that the District may hereafter issue that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. See "TAX DATA."

(h) For the 2026 tax year, the District levied a tax of $0.46 upon property located only within Defined Area No. 2. Such tax rate is comprised of $0.34 per $100 of assessed valuation for road debt service and $0.12 per $100 of assessed valuation for park and utility debt service. Such tax rate is composed of a tax for the payment of debt service on bonds secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 2 including the Defined Area No. 2 Outstanding Bonds. See "TAX DATA."

(i) For the 2026 tax year, the District levied a tax of $0.68 upon property located only within Defined Area No. 3. Such tax rate is composed entirely of a tax for payment of debt service on the Defined Area No. 3 Outstanding Bonds, and any additional bonds that the District may hereafter issue that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 3. See "TAX DATA."

(j) Debt service on the Bonds and the Defined Area No. 1 Outstanding Bonds. See "DEFINED AREA NO. 1 DEBT – Debt Service Requirement Schedule."

OFFICIAL STATEMENT

relating to

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

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

$14,460,000
DEFINED AREA NO. 1 UNLIMITED TAX PARK BONDS
SERIES 2026

$5,630,000
DEFINED AREA NO. 1 UNLIMITED TAX ROAD BONDS
SERIES 2026

INTRODUCTION

This Official Statement of Harris County Municipal Utility District No. 165 (the "District") is provided to furnish information with respect to the issuance by the District of its Defined Area No. 1 $14,460,000 Unlimited Tax Park Bonds, Series 2026 (the "Park Bonds"), and Defined Area No. 1 $5,630,000 Unlimited Tax Road Bonds, Series 2026 (the "Road Bonds," and together with the Park Bonds, the "Bonds").

The Park Bonds are issued pursuant to: an order of the Texas Commission on Environmental Quality (the "TCEQ"); the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; Article XVI, Section 59, of the Texas Constitution; a resolution authorizing the issuance of the Park Bonds adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Park Bonds (the "Park Bond Resolution"); and an election held in Defined Area No. 1 within the District on May 4, 2019.

The Road Bonds are issued pursuant to a resolution adopted by the Board authorizing the issuance of the Road Bonds (the "Road Bond Resolution" and together with the Park Bond Resolution, the "Bond Resolutions") on the date of the sale of the Road Bonds; an election held in Defined Area No. 1 within the District on May 4, 2019; and Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended.

There follow in this Official Statement descriptions of the Bonds, the Developer (herein defined), the Bond Resolutions, 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 Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolutions, except as otherwise indicated herein.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolutions.

Description

The Bonds are dated December 1, 2026, and accrue interest from the initial date of delivery (expected to be on or about December 9, 2026), with interest payable March 1, 2027, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds mature on March 1 in the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). 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 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 the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

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's name. The information in this section

concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

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 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. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

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

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

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the

Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption

Bonds maturing on March 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 March 1, 2031, or on any date thereafter, at the par value thereof. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the series and maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain series and maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Park Bonds maturing on March 1 in the years 2043, 2045, 2047, 2049, and 2051 are term bonds (the "Park Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Park 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 amounts set forth in the following schedules:

$1,325,000 Park Term Bond Maturing on March 1, 2043

Mandatory Redemption Date	Principal Amount
March 1, 2042	$ 645,000
March 1, 2043 (Maturity)	$ 680,000

$1,480,000 Park Term Bond Maturing on March 1, 2045

Mandatory Redemption Date	Principal Amount
March 1, 2044	$ 720,000
March 1, 2045 (Maturity)	$ 760,000

$1,645,000 Park Term Bond Maturing on March 1, 2047

Mandatory Redemption Date	Principal Amount
March 1, 2046	$ 800,000
March 1, 2047 (Maturity)	$ 845,000

$1,840,000 Park Term Bond Maturing on March 1, 2049

Mandatory Redemption Date	Principal Amount
March 1, 2048	$ 895,000
March 1, 2049 (Maturity)	$ 945,000

$2,055,000 Park Term Bond Maturing on March 1, 2051

Mandatory Redemption Date	Principal Amount
March 1, 2050	$ 1,000,000
March 1, 2051 (Maturity)	$ 1,055,000

The Road Bond maturing on March 1 in the year 2051 is a term bond (the "Road Term Bond," and together with the Park Term Bonds, the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Road Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, and in the principal amounts set forth in the following schedule:

$800,000 Road Term Bond Maturing on March 1, 2051

Mandatory Redemption Date	Principal Amount
March 1, 2050	$ 390,000
March 1, 2051 (Maturity)	$ 410,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds 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 Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolutions. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The Park Bonds are issued pursuant to: an order of the TCEQ; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; Article XVI, Section 59, of the Texas Constitution; the Park Bond Resolution; and an election held in Defined Area No. 1 within the District on May 4, 2019.

The Road Bonds are issued pursuant to the Road Bond Resolution; an election held in Defined Area No. 1 within the District on May 4, 2019; and Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended.

The Park Bonds are the first series of unlimited tax bonds to be issued by the District out of an aggregate $43,995,000 principal amount of unlimited tax bonds authorized for the purpose of purchasing, constructing, operating, and maintaining park facilities (the "Park System") serving Defined Area No. 1. The Road Bonds are the sixth series of unlimited tax bonds to be issued by the District out of an aggregate $149,440,000 principal amount of unlimited tax bonds authorized for the purpose of purchasing, constructing, operating, and maintaining road facilities (the "Road System") serving Defined Area No. 1. Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $29,535,000 for the Park System, $96,020,000 for the Road System and $281,255,000 for the purpose of acquiring or constructing water, sanitary sewer, and storm water drainage facilities to serve Defined Area No. 1. See "THE

BONDS – Issuance of Additional Debt" for further information related to the District's authorized but unissued unlimited tax bonds.

Outstanding Bonds

The Park Bonds represent the District's first issuance of unlimited tax bonds for park facilities that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. The Road Bonds represent the District's sixth issuance of unlimited tax bonds for road facilities that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. The District has previously issued $8,130,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2022, $6,250,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2022A, $12,850,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2023, $13,610,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2024, and $6,950,000 Defined Area No. 1 Unlimited Tax Road Bonds, Series 2025. As of the Date of Delivery, $46,000,000 principal amount of such previously issued bonds will remain outstanding (the "Defined Area No. 1 Outstanding Bonds").

The District has previously issued unlimited tax bonds that are secured by the proceeds of taxes levied upon taxable property within the entire District (including Defined Area No. 1, Defined Area No. 2, and Defined Area No. 3 (defined herein)) as follows: twenty-four (24) series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater and storm drainage system serving the District (the "System") and seven (7) series of unlimited tax refunding bonds. Of such bonds previously issued by the District, $334,405,000 principal amount will remain outstanding as of the Date of Delivery (the "District Outstanding Bonds").

Additionally, the District has previously issued five series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities and two series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2. As of the Date of Delivery, $65,045,000 principal amount of such previously issued bonds will remain outstanding (the "Defined Area No. 2 Outstanding Bonds").

Bonds issued for Defined Area No. 2 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 2 and not on any other part of the District, including Defined Area No. 1 or Defined Area No. 3.

Additionally, the District has not previously issued any unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities or system facilities serving Defined Area No. 3. However, the District is in the process of issuing its $9,750,000 Defined Area No. 3 Unlimited Tax Road Bonds, Series 2026, which are anticipated to close on November 10, 2026. As of the Date of Delivery, $9,750,000 principal amount of such bonds is expected to remain oustanding (the "Defined Area No. 3 Outstanding Bonds"). The Defined Area No. 3 Outstanding Bonds are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 3.

Source of Payment

The Bonds are payable from the proceeds of two separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied upon all taxable property located within Defined Area No. 1 (and no other portion of the District). In the Bond Resolutions, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees and Appraisal District fees. Tax proceeds, after deduction for collection costs, will be placed in the Defined Area No. 1 Debt Service Funds and used solely to pay principal of and interest on the Bonds, the Defined Area No. 1 Outstanding Bonds and any additional bonds for Defined Area No. 1 payable from taxes which may be issued, and Paying Agent/Registrar fees.

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

Issuance of Additional Debt

Defined Area No. 1

On February 7, 2019, the District created "Defined Area No. 1" over approximately 833.04 acres of land within the District pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve Defined Area No. 1. On May 4, 2019, voters within Defined Area No. 1 authorized $281,255,000 principal amount of unlimited tax bonds for the purpose of purchasing,

constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 1, and for the refunding of such bonds; $149,440,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 1, and for the refunding of such bonds; and $43,995,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 1, and for the refunding of such bonds. At such election held on May 4, 2019, voters within Defined Area No. 1 also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 1 facilities.

The Park Bonds represent the District's first issuance of unlimited tax bonds for park facilities that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. The Road Bonds represent the District's sixth issuance of bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 1 from the voted authorization referenced above. Bonds issued for Defined Area No. 1 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 1 and not on any other part of the District.

Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds related to Defined Area No. 1 will remain authorized but unissued: $96,020,000 principal amount of unlimited tax bonds for the road improvements to serve Defined Area No. 1, $281,255,000 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system to serve Defined Area No. 1, and $29,535,000 principal amount of unlimited tax bonds for the recreational improvements to serve Defined Area No. 1.

Bonds issued for Defined Area No. 1 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 1 and not on any other part of the District. Proceeds of taxes levied by the District upon taxable property located only within Defined Area No. 1 may not be used for payment of debt service on the Defined AreaNo. 2 Outstanding Bonds, the Defined Area No. 3 Outstanding Bonds, or the District Outstanding Bonds.

The District

The District may issue additional bonds with the approval of the TCEQ as necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of an aggregate of $665,684,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining the System and could authorize additional amounts. Voters of the District have also authorized the District's issuance of $8,000,000 principal amount of unlimited tax refunding bonds and $16,000,000 principal amount of unlimited tax park and recreational bonds.

The following principal amounts of bonds related to the District remain authorized but unissued: $230,284,000 of unlimited tax bonds for the System; $4,121,698.67 unlimited tax refunding bonds; and $16,000,000 unlimited tax recreational bonds will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ).

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 Texas. The Board has not considered adoption of a fire plan or calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District prepared a parks master plan, and on November 7, 2006, the District's voters authorized $16,000,000 in unlimited tax bonds for the purpose of acquiring and constructing parks and recreational facilities. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not

more than three percent (3%) of the value of the taxable property in the District. Currently, the District is developing parks using surplus operating funds.

Defined Area No. 2

On August 6, 2020, the District approved the annexation of approximately 854.61 acres into its boundaries and designated approximately 858.64 acres (being the 854.61-acre tract annexed into the District plus 4.03 acres within the District's boundaries prior to August 6, 2020) as "Defined Area No. 2." On November 3, 2020, voters within Defined Area No. 2 approved the designation of Defined Area No. 2 pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code and authorized the District's issuance of the following bonds: $155,836,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $27,727,294 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $277,673,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $49,297,112 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $36,431,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2; and $10,930,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2. At such election held on November 3, 2020, voters within Defined Area No. 2 also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 2 facilities.

To date, the District has issued five series of road bonds for the purpose of purchasing, constructing, operating, and maintaining the road facilities serving Defined Area No. 2. The District has also issued two series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining park facilities serving Defined Area No. 2. The following principal amounts of bonds related to Defined Area No. 2 remain authorized but unissued: $106,761,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $27,727,294 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $277,673,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $49,297,112 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $18,251,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2; and $10,930,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2. See "INVESTMENT CONSIDERATIONS – Future Debt."

Bonds issued for Defined Area No. 2 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 2 and not on any other part of the District. Proceeds of taxes levied by the District upon taxable property located only within Defined Area No. 2 may not be used for payment of debt service on the Bonds, the Defined Area No. 1 Outstanding Bonds, the Defined Area No. 3 Outstanding Bonds, or the District Outstanding Bonds.

Defined Area No. 3

On July 11, 2024, the District approved the annexation of approximately 459.22 acres, however only 457.57 of such acres were annexed into its boundaries and designated such acres as "Defined Area No. 3" pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code. On November 5, 2024, voters within Defined Area No. 3 authorized the issuance of $450,750,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 3, and for the refunding of such bonds; $191,550,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 3, and for the refunding of such bonds; and $85,050,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 3, and for the refunding of such bonds. At such election held on November 5, 2024,

voters within Defined Area No. 3 also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 3 facilities.

The District is currently in the process of issuing its $9,750,000 Defined Area No. 3 Unlimited Tax Road Bonds, Series 2026, which are anticipated to close on November 10, 2026. As of the Date of Delivery, the following principal amounts of unlimited tax bonds related to Defined Area No. 3 will remain authorized but unissued: $181,800,000 principal amount of unlimited tax bonds for the road improvements to serve Defined Area No. 3, $450,750,000 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system to serve Defined Area No. 3, and $85,050,000 principal amount of unlimited tax bonds for the recreational improvements to serve Defined Area No. 3.

Bonds issued for Defined Area No. 3 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 3 and not on any other part of the District.

District's Prior Bankruptcy

In 1992, faced with steadily decreasing property values in the District and a regional adverse demand for new and used suburban residences, the District defaulted on the payment of principal of and interest on its $1,400,000 Unlimited Tax Bonds, Series 1982, $1,700,000 Unlimited Tax Bonds, Series 1983, and $2,150,000 Unlimited Tax Bonds, Series 1984 (collectively, the "Defaulted Bonds"). Subsequently, the District filed an application with the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ"), requesting authorization to file a petition in bankruptcy under Chapter 9 of the United States Bankruptcy Code. By Order issued on December 21, 1992, the Texas Water Commission approved the District's application, and the District filed a voluntary petition in the United States Bankruptcy Court for the Southern District of Texas, Case No. 93-43120-H4-9 for relief under Chapter 9 of the Bankruptcy Code. The District filed a plan of adjustment (the "Bankruptcy Plan") of its debt with the Bankruptcy Court, which Bankruptcy Plan provided, among other things, that as of the effective date of the Bankruptcy Plan, the District's remaining outstanding Series 1982, Series 1983, and Series 1984 Bonds would be exchanged and modified with the District's amended bonds as set forth in the Bankruptcy Plan. In 2000, the District issued its $4,185,000 Unlimited Tax Refunding Bonds, Series 2000 (the "Series 2000 Refunding Bonds") and defeased the Defaulted Bonds. The defeasance of the District's Defaulted Bonds satisfied the only remaining outstanding claims against the District's Bankruptcy Plan. From that point forward, the District no longer operates subject to the Bankruptcy Plan.

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.

Annexation by the City

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

purpose annexation of all or a portion of the District. See "Strategic Partnership Agreement," below, for a description of the terms of the Strategic Partnership Agreement between the City and the District.

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

Strategic Partnership Agreement

In December, 2008, the District entered into a Strategic Partnership Agreement (the "SPA") with the City as authorized by Texas Local Government Code, Chapter 43. The SPA provides for a "limited purpose annexation" of certain commercial areas of the District for purpose of applying certain City health, safety, planning and zoning ordinances within the District. The SPA also provided that the City will not annex the District for "full purposes" (a traditional municipal annexation) during the term of the SPA, which is 30 years.

As a result of the SPA, the City is authorized to impose the one percent (1%) retail sales tax (the "City Sales Tax") within certain commercial areas of the District. Pursuant to the SPA, the City agreed to pay to the District an amount equal to one-half of the City Sales Tax revenues generated within certain commercial areas of the District and received by the City from the Comptroller (herein defined as the Contract Sales Tax Revenue). Pursuant to State law, the District is authorized to use the Contract Sales Tax Revenue generated pursuant to the SPA for any lawfully authorized purpose.

The City receives sales tax funds from the Comptroller and remits the Contract Sales Tax Revenue to the District on a monthly basis. The City began assessing the City Sales Tax in the District on April 1, 2009, and the District received approximately $194,056 from the City during its 2025 fiscal year.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) 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.

Defeasance

The Bond Resolutions provide 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.

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.

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners (hereinafter defined) have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Resolutions do 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Use and Distribution of Park Bond Proceeds

Proceeds of the Park Bonds will be used to reimburse the Developer for the costs related to acquiring and constructing park improvements in Defined Area No. 1 as shown below. Proceeds of the Park Bonds will also be used to pay twelve (12) months of capitalized interest, developer interest, and the non-construction costs as set out below. Totals may not sum due to rounding.

	Total
CONSTRUCTION COSTS	
A. Developer Contribution Items	
1. Avalon at Cypress West & Mason Road Softscape	$ 466,574
2. Avalon at Cypress West Channel Softscape	791,954
3. Bridge Creek Section 5 Landscape Improvements	557,315
4. Bridge Creek Section 6 Landscape Improvements	326,814
5. Avalon at Cypress Recreation Center – Public Amenities	898,406
6. Bridge Creek Section 7 Landscape Improvements	330,630
7. Avalon at Cypress Mason Road Phase 2 Landscape	350,140
8. Bridge Creek Section 8 & 9 Landscape Improvements	427,932
9. Avalon at Cypress West Road & Avalon River Road Softscape	638,853
10. Avalon at Cypress West Avalon Landing Lane - Phase 1 Softscape	362,055
11. Avalon at Cypress West Avalon Landing Lane - Phase 2 Softscape	411,127
12. Bridge Creek Section 12 Landscape Improvements	153,533
13. Bridge Creek Section 13 Landscape Improvements	283,500
14. Avalon at Cypress Section 7 & 8 Landscape Improvements	1,047,902
15. Avalon at Cypress Section 10 & 12 Landscape Improvements	1,038,015
16. Engineering (Items Nos. 1-13)	883,518
17. Materials Testing (Items No. 5)	1,559
18. Land Acquisition	
a. Miramesa West Tract	881,066
b. Avalon at Cypress Tract	899,532
c. Avalon at Cypress West Tract	502,558
TOTAL CONSTRUCTION COSTS	$ 11,252,983
NON-CONSTRUCTION COSTS	
A. Legal Fees	$ 329,200
B. Fiscal Agent Fees	266,900
C. Developer Interest	1,296,394
D. Capitalized Interest (12 Months)	701,925
E. Bond Discount	403,044
F. Bond Issuance Expenses	42,073
G. Bond Application Report Costs	70,000
H. TCEQ Bond Issuance Fee	36,150
I. Attorney General Fee (0.10% or MAX $9,500)	9,500
J. Contingency (a)	51,831
TOTAL NON-CONSTRUCTION COSTS	$ 3,207,017
TOTAL BOND ISSUE REQUIREMENT	**$ 14,460,000**

(a) Represents the difference between the estimated and actual amounts of capitalized interest and bond discount.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ, where required. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

Use and Distribution of Road Bond Proceeds

Proceeds of the Road Bonds will be used to reimburse the Developer for the costs related to acquiring and constructing road improvements in Defined Area No. 1 as shown below. Proceeds of the Road Bonds will also be used to pay developer interest, and the non-construction costs as set out below. Totals may not sum due to rounding.

		Total
CONSTRUCTION COSTS		
A. Developer Contribution Items		
1. Bridge Creek Section 12	$	79,334
2. Bridge Creek Section 11		98,878
3. Bridge Creek Section 10		468,466
4. Avalon at Cypress Section 14		793,900
5. Avalon at Cypress Section 10		13,770
6. Avalon Meadows Crossing		646,978
7. Avalon Landing Lane Street Dedication Section 2		273,457
8. Avalon at Cypress Mason Road Street Dedication Section 2		28,619
9. Avalon at Cypress West Section 3		706,570
10. Avalon at Cypress West Section 4		588,215
11. HC MUD 165 Defined Area 1 West Road Development		536,046
12. Engineering		756,612
13. Material Testing		67,847
14. Centerpoint		71,167
15. Land Acquistion		119,000
TOTAL CONSTRUCTION COSTS	$	5,248,856
Less Surplus Funds	$	(371,956)
NET TOTAL CONSTRUCTION COSTS	$	4,876,900
NON-CONSTRUCTION COSTS		
A. Legal Fees	$	152,600
B. Fiscal Agent Fees		112,600
C. Developer Interest		207,955
D. Bond Discount		168,900
E. Bond Issuance Expenses		80,415
F. Bond Engineering Report Costs		25,000
G. Attorney General Fee (0.10% or MAX $9,500)		5,630
TOTAL NON-CONSTRUCTION COSTS	$	753,100
TOTAL BOND ISSUE REQUIREMENT	**$**	**5,630,000**

The construction costs described above were compiled by the Engineer (hereinafter defined), based, in some cases, on the estimated costs of facilities. Non-construction costs are based upon either contract amounts or estimates. In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for roads or improvements in aid thereof. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Harris County, Texas, the City, or any political subdivision other than the District, will be secured by two separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property located within Defined Area No. 1. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within Defined Area No. 1 taxes levied against all taxable property located within Defined Area No. 1, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within Defined Area No. 1 will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of property in the District, including Defined Area No. 1 within the District, is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "STATUS OF DEVELOPMENT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within Defined Area No. 1 is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in Defined Area No. 1. The District cannot predict the pace or magnitude of any future development or home construction in Defined Area No. 1.

Principal Landowners/Developers: There is no commitment by or legal requirement of the Developer or any other landowner within Defined Area No. 1 to proceed at any particular rate or according to any specified plan with the development of land in Defined Area No. 1, or of any homebuilder to proceed at any particular pace with the construction of homes in Defined Area No. 1. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in Defined Area No. 1. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in Defined Area No. 1 and result in higher tax rates. See "STATUS OF DEVELOPMENT," "PRINCIPAL LANDOWNERS/DEVELOPERS," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property in Defined Area No. 1 by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations on the Bonds. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," for the 2026 tax year, the principal taxpayers within Defined Area No. 1 owned property located within Defined Area No. 1 the aggregate assessed valuation of which comprised approximately 13.89% of the total taxable assessed valuation of Defined Area No. 1. The Developer and its affiliates represent approximately 11.48% of the total taxable assessed valuation within Defined Area No. 1. In the event that the Developer, any other principal taxpayer, or any combination of taxpayers in Defined Area No. 1 should default in the payment of taxes in an amount which exceeds the District's Defined Area No. 1 debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds and the Defined Area No. 1 Outstanding 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 Defined Area No. 1 tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within Defined Area No. 1 will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2026 Taxable Assessed Valuation of property located within Defined Area No. 1, is $652,786,048 and the Estimate of Value as of July 1, 2026, is $716,305,977. After issuance of the Bonds, the maximum annual debt service requirement of the Bonds and the Defined Area No. 1 Outstanding Bonds will be $4,711,628 (2048) and the average annual debt service requirement of the Bonds and the Defined Area No. 1 Outstanding Bonds will be $4,323,807 (2027–2051).

Assuming no increase to nor decrease from the 2026 Taxable Assessed Valuation of Defined Area No. 1, tax rates of $0.76 and $0.70 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 increase to nor decrease from the Estimate of Value as of July 1, 2026, of Defined Area No. 1, tax rates of $0.70 and $0.64 per $100 of assessed valuation at 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 Defined Area No. 1 will increase in the future or will maintain a value sufficient to support the proposed total Defined Area No. 1 tax rate or to justify continued payment of taxes by property owners.

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.

Vacant Developed Lots

As of October 8, 2026, approximately 154 vacant developed lots within Defined Area No. 1 remained available for construction. Failure of the Developer and/or builders 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.

Potential Impact of Natural Disaster

The District is located along the Texas Gulf Coast and, as it has in the past, the areas in and around the District could be impacted by high winds, heavy rains, and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, including Defined Area No. 1, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the Taxable Assessed Valuation of the District, including Defined Area No. 1, or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

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

Rental Homes

A portion of the homes constructed in Avalon at Cypress West (approximately 240 homes) are owned by Taylor Morrison as rental properties. It is anticipated that Taylor Morrison will continue to own all of the rental homes described above and will continue to be a principal taxpayer. On the 2026 certified tax roll, such taxpayer represents a total of $42,651,000 or 6.92% of the of the 2026 Certifed Taxable Assessed Valuation of $616,106,633. See "TAX DATA—Principal Taxpayers."

Taylor Morrison as the owner of the 240 rental homes in Avalon at Cypress, is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front yards.

Hurricane Harvey

On August 26, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast and severely impacted numerous localities in the region. The District and its facilities did not sustain any significant damage due to Hurricane Harvey. The Gulf Coast region where the District is located is subject to occasional destructive weather events, and there is no assurance that the District will not suffer damages from such destructive weather events in the future. See "INVESTMENT CONSIDERATIONS – Potential Impact of Natural Disaster."

Specific Flood Type Risks

The District may be subject to the following flood 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 drainage systems downstream.

Competitive Nature of Houston Residential Housing Market

The housing industry in the Houston, Texas, area is very competitive, but the District can give no assurance that the building programs which are planned by any home builder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or home builder(s) which might attempt future home building or development projects in Defined Area No. 1, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District, including Defined Area No. 1.

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.

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 and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners (herein defined) have a right to seek a writ of mandamus requiring the District to levy sufficient 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

District's Prior Bankruptcy

In 1992, faced with steadily decreasing property values in the District and a regional adverse demand for new and used suburban residences, the District defaulted on the payment of principal of and interest on the Defaulted Bonds. Subsequently, the District filed an application with the Texas Water Commission, predecessor to the TCEQ, requesting authorization to file a petition in bankruptcy under Chapter 9 of the United States Bankruptcy Code. By Order issued on December 21, 1992, the Texas Water Commission approved the District's application, and the District filed a voluntary petition in the United States Bankruptcy Court for the Southern District of Texas, Case No. 93-43120-H4-9 for relief under Chapter 9 of the Bankruptcy Code. The District filed the Bankruptcy Plan of its debt with the Bankruptcy Court, which Bankruptcy Plan provided, among other things, that as of the effective date of the Bankruptcy Plan, the District's remaining outstanding Series 1982, Series 1983, and Series 1984 Bonds would be exchanged and modified with the District's amended bonds as set forth in the Bankruptcy Plan. In 2000, the District issued the Series 2000 Refunding Bonds and defeased the Defaulted Bonds. The defeasance of the District's Defaulted Bonds satisfied the only remaining outstanding claims against the District's Bankruptcy Plan. From that point forward, the District no longer operates subject to the Bankruptcy Plan.

Marketability

The District has no understanding (other than the initial reoffering yields) with the winning bidders of the Bonds (the "Initial Purchasers") 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 bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

Defined Area No. 1

On February 7, 2019, the District created "Defined Area No. 1" over approximately 833.04 acres of land within the District pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve Defined Area No. 1. On May 4, 2019, voters within Defined Area No. 1 authorized $281,255,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 1, and for the refunding of such bonds; $149,440,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 1, and for the refunding of such bonds; and $43,995,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 1, and for the refunding of such bonds. At such election held on May 4, 2019, voters within Defined Area No. 1

also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 1 facilities.

The Park Bonds represent the District's first issuance of unlimited tax bonds for park facilities that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. The Road Bonds represent the District's sixth issuance of bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 1 from the voted authorization referenced above. Bonds issued for Defined Area No. 1 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 1 and not on any other part of the District.

Following the issuance of the Bonds, the following principal amounts of unlimited tax bonds related to Defined Area No. 1 will remain authorized but unissued: $96,020,000 principal amount of unlimited tax bonds for the road improvements to serve Defined Area No. 1, $281,255,000 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system to serve Defined Area No. 1, and $29,535,000 principal amount of unlimited tax bonds for the recreational improvements to serve Defined Area No. 1.

Bonds issued for Defined Area No. 1 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 1 and not on any other part of the District. Proceeds of taxes levied by the District upon taxable property located only within Defined Area No. 1 may not be used for payment of debt service on the District Outstanding Bonds, Defined Area No. 2 Outstanding Bonds, or Defined Area No. 3 Outstanding Bonds.

The District

The District may issue additional bonds with the approval of the TCEQ as necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of an aggregate of $665,684,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining the System and could authorize additional amounts. Voters of the District have also authorized the District's issuance of $8,000,000 principal amount of unlimited tax refunding bonds and $16,000,000 principal amount of unlimited tax park and recreational bonds.

The following principal amounts of bonds related to the District remain authorized but unissued: $230,284,000 of unlimited tax bonds for the System; $4,121,698.67 unlimited tax refunding bonds; and $16,000,000 unlimited tax recreational bonds will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ).

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 Texas. The Board has not considered adoption of a fire plan or calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District prepared a parks master plan, and on November 7, 2006, the District's voters authorized $16,000,000 in unlimited tax bonds for the purpose of acquiring and constructing parks and recreational facilities. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not more than three percent (3%) of the value of the taxable property in the District. Currently, the District is developing parks using surplus operating funds.

Defined Area No. 2

On August 6, 2020, the District approved the annexation of approximately 854.61 acres into its boundaries and designated approximately 858.64 acres (being the 854.61-acre tract annexed into the District plus 4.03 acres within the District's boundaries prior to August 6, 2020) as "Defined Area No. 2." On November 3, 2020, voters

within Defined Area No. 2 approved the designation of Defined Area No. 2 pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code and authorized the District's issuance of the following bonds: $155,836,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $27,727,294 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $277,673,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $49,297,112 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $36,431,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2; and $10,930,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2. At such election held on November 3, 2020, voters within Defined Area No. 2 also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 2 facilities.

To date, the District has issued five series of road bonds for the purpose of purchasing, constructing, operating, and maintaining the road facilities serving Defined Area No. 2. The District has also issued two series of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining park facilities serving Defined Area No. 2. The following principal amounts of bonds related to Defined Area No. 2 remain authorized but unissued: $106,761,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $27,727,294 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 2; $277,673,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $49,297,112 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 2; $18,251,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2; and $10,930,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 2. See "INVESTMENT CONSIDERATIONS – Future Debt."

Bonds issued for Defined Area No. 2 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 2 and not on any other part of the District. Proceeds of taxes levied by the District upon taxable property located only within Defined Area No. 2 may not be used for payment of debt service on the Bonds, the District Outstanding Bonds, the Defined Area No. 1 Outstanding Bonds, or the Defined Area No. 3 Outstanding Bonds.

Defined Area No. 3

On July 11, 2024, the District approved the annexation of approximately 459.22 acres, however only 457.57 of such acres were annexed into its boundaries and designated such acres as "Defined Area No. 3" pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code. On November 5, 2024, voters within Defined Area No. 3 authorized the issuance of $450,750,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining a water, wastewater, and storm drainage system serving Defined Area No. 3, and for the refunding of such bonds; $191,550,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining road facilities serving Defined Area No. 3, and for the refunding of such bonds; and $85,050,000 principal amount of unlimited tax bonds for the purpose of purchasing, constructing, operating, and maintaining parks and recreational facilities serving Defined Area No. 3, and for the refunding of such bonds. At such election held on November 5, 2024, voters within Defined Area No. 3 also authorized the levy of taxes to support such bonds and the levy of taxes for operation and maintenance of the Defined Area No. 3 facilities.

The District is currently in the process of issuing its $9,750,000 Defined Area No. 3 Unlimited Tax Road Bonds, Series 2026, which are anticipated to close on November 10, 2026. As of the Date of Delivery, the following principal amounts of unlimited tax bonds related to Defined Area No. 3 will remain authorized but unissued: $181,800,000 principal amount of unlimited tax bonds for the road improvements to serve Defined Area No. 3, $450,750,000 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, operating

and maintaining a water, wastewater and storm drainage system to serve Defined Area No. 3, and $85,050,000 principal amount of unlimited tax bonds for the recreational improvements to serve Defined Area No. 3.

Bonds issued for Defined Area No. 3 are payable solely from the proceeds of taxes levied and collected within the boundaries of Defined Area No. 3 and not on any other part of the District. Proceeds of taxes levied by the District upon taxable property located within Defined Area No. 3 may not be used for payment of debt service on the Bonds, the District Outstanding Bonds, the Defined Area No. 1 Outstanding Bonds, or the Defined Area No. 2 Outstanding Bonds.

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

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

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

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

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the

HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

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

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

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

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

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

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

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

and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

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

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 District which is recovered by the District 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 Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurers 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 Insurers without appropriate consent. The Bond Insurers 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 Insurers are 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 Insurers 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

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

Neither the District or Initial Purchasers has made independent investigation into the claims paying ability of the Bond Insurers and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurers are 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 Insurers, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the Bond Insurers and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurers.

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the Texas Water Commission, now the TCEQ, dated July 6, 1978. The creation of the District was confirmed at an election held within the District on August 12, 1978. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. By order of the TCEQ dated September 7, 2018, the District is empowered to design, acquire, construct, finance, issue bonds for, operate, maintain roads or any improvement in aid of thereof.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes with TCEQ approval. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

Additionally, the District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water within Defined Area No. 1, Defined Area No. 2, and Defined Area No. 3. The District is also empowered to purchase and construct road improvements and construct, develop and maintain park and recreational facilities to serve Defined Area No. 1, Defined Area No. 2, and Defined Area No. 3.

Description

At creation, the District encompassed approximately 441 acres of land. Due to several subsequent annexations, the District contains approximately 4,739 acres, including an annexation on July 11, 2024 for approximately 459.22, however only 457.57 of such acres were designated as Defined Area No. 3. The District is located entirely within the extraterritorial jurisdiction of the City and entirely within Harris County, Texas, approximately 25 miles northwest of the central business district of the City, approximately 4 miles west of the intersection of Farm-to-Market Road 529 and Texas State Highway 6. The District is accessible via Texas State Highway 6 to Farm-to-Market Road 529, and is located entirely within Cypress-Fairbanks Independent School District.

Management of the District

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

Name	Title	Term Expires May
Alan Bentson	President	2028
David Molina	Vice President	2030
Scott Barr	Assistant Vice President	2030
Wayne Green	Secretary	2030
Scott Nilsson	Assistant Secretary	2028

Consultants

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

Tax Assessor/Collector: The District's Tax Assessor/Collector is Bob Leared Interests. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris Central Appraisal District and bills and collects such levy.

Bookkeeper: The District's bookkeeper is Myrtle Cruz, Inc.

Utility System Operator: The District's operator is H2O Consulting Inc.

Auditor: The financial statements of the District as of September 30, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's September 30, 2025, audited financial statements.

Engineer: The District's engineer is DAC Services, Inc., dba DAC Engineering (the "Engineer").

Attorney: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as disclosure counsel ("Disclosure Counsel") in connection with the issuance of the Bonds. The fees to be paid to Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Cedar Creek Municipal Advisors, LLC is engaged as financial advisor ("Financial Advisor") to the District in connection with the issuance of the Bonds. 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 in this Official Statement.

Investment Policy

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

STATUS OF DEVELOPMENT

Defined Area No. 1

As of October 8, 2026, approximately 462.00 acres (1,635 lots) within Defined Area No. 1 have been developed into the single-family subdivisions of Bridge Creek, Sections 1-13 and Avalon at Cypress, Sections 1-8, 10-12, 14, W-1, W-2, W-3 and W-4. As of October 8, 2026, the single-family residential development in Defined Area No. 1 included approximately 1,388 completed homes, approximately 93 homes under construction and approximately 154 vacant developed lots available for additional home construction. The remainder of the approximate 833.04 total acres in Defined Area No. 1 includes approximately 68.18 acres under design, approximately 154.86 acres planned for additional development, approximately 14.00 acres planned for parks and recreational improvements, and approximately 134.00 acres that are undevelopable (including lands for major roads, detention, and pipeline easements).

The table below summarizes the status of development and land use within Defined Area No. 1 as of October 8, 2026:

Woodcreek Development	Acreage	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Bridge Creek, Section 1	34.53	130	130	–	–
Bridge Creek, Section 2	12.93	51	51	–	–
Bridge Creek, Section 3	9.05	34	34	–	–
Bridge Creek, Section 4	9.52	46	46	–	–
Bridge Creek, Section 5	17.91	50	50	–	–
Bridge Creek, Section 6	11.01	32	32	–	–
Bridge Creek, Section 7	10.99	37	37	–	–
Bridge Creek, Section 8	10.27	39	39	–	–
Bridge Creek, Section 9	13.35	55	53	2	–
Bridge Creek, Section 10	12.93	42	29	13	–
Bridge Creek, Section 11	7.24	76	76	–	–
Bridge Creek, Section 12	17.39	83	83	–	–
Bridge Creek, Section 13	16.56	82	82	–	–
Avalon at Cypress, Section 1	26.45	109	105	3	1
Avalon at Cypress, Section 2	12.88	67	67	–	–
Avalon at Cypress, Section 3	13.94	30	30	–	–
Avalon at Cypress, Section 4	12.79	31	31	–	–
Avalon at Cypress, Section 5	5.63	23	23	–	–
Avalon at Cypress, Section 6	7.61	28	28	–	–
Avalon at Cypress, Section 7	22.25	25	25	–	–
Avalon at Cypress, Section 8	15.53	42	42	–	–
Avalon at Cypress, Section 10	14.94	34	16	16	2
Avalon at Cypress, Section 11	22.37	55	51	4	–
Avalon at Cypress, Section 12	13.29	40	19	13	8
Avalon at Cypress, Section 14	27.35	57	0	–	57
Avalon at Cypress, Section W-1	29.49	103	100	1	2
Avalon at Cypress, Section W-2	16.04	80	80	–	–
Avalon at Cypress, Section W-3	18.10	73	13	17	43
Avalon at Cypress, Section W-4	19.66	81	16	24	41
Total	462.00	1,635	1,388	93	154

Residential Developed	462.00
Under Design	68.18
Undeveloped but Developable	154.86
Parks and Recreation	14.00
Undevelopable	134.00
District Total	833.04

The District

Approximately 3,239.08 acres (12,750 lots) within the District have been developed into the single-family subdivisions of Tealbrook, Sections 1–3; Towne Lake Greene, Sections 1–4; Lancaster, Sections 1 and 2; Amhurst, Section 2; Yaupon Ranch, Sections 1–7; Yaupon Place, Sections 1 and 2; Remington Grove, Sections 1–3; Cypress Springs, Sections 1–6; Cypress Springs South, Sections 1 and 2; Canyon Lakes West, Sections 1–5 and 7–12; Pine Creek at Canyon Lakes West, Sections 2–14; Gates at Canyon Lakes West, Section 1; College Park West, Sections 1–5; Villas at Canyon Lakes West; Mirabella, Sections 1–11; Miramesa, Sections 1–10; Mountain Springs; Bridge Creek, Sections 1–13; Marvida, Sections 1–30; Grand Mason, Sections 7-12; and Avalon at Cypress, Sections 1-8, 10-12, 14, W-1, W-2, W-3 and W-4. As of September 3, 2026, the single-family residential development in the District included approximately 12,090 completed homes, approximately 132 homes under construction and approximately 528 vacant developed lots.

To date, approximately 172.94 acres in the District have been developed as commercial reserves that include several restaurants, a Star Cinema, three (3) gas stations, a CVS Pharmacy, a Wells Fargo Bank, a retail shopping strip, a National Tire & Battery, an O'Reilly's Auto Parts, a dry cleaner, a church, Jones Automotive, Discovery Years Early Learning Center and a self-storage center.

The remaining land within the District consists of approximately 665.14 undeveloped but developable acres and approximately 662.22 undevelopable acres made up of easements, rights-of-way and greenbelts.

PRINCIPAL LANDOWNERS/DEVELOPERS

Role of the Developers

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

Defined Area No. 1

TAYLOR MORRISON

Taylor Morrison of Texas, Inc., a subsidiary of Taylor Morrison Home Corporation ("Taylor Morrison" or the "Developer"), purchased approximately 212.19 acres within the District in February of 2019, which Taylor Morrison, operating under the name of William Lyon Homes Communities – Texas LLC ("William Lyon"), a subsidiary of Taylor Morrison, is developing as Bridge Creek in Defined Area No. 1. Land Tejas Companies Ltd. ("Land Tejas") has been engaged as fee developer for Bridge Creek. In addition, Taylor Morrison purchased approximately 280 acres within the District in July 2020. Taylor Morrison is developing such acreage as approximately 676 lots in subdivisions known as Avalon at Cypress and Bridge Creek. Bridge Creek, Section 1 (approximately 130 single-family lots), Bridge Creek, Section 2 (approximately 51 single-family lots), Bridge Creek, Section 3 (approximately 34 single-family lots), Bridge Creek, Section 4 (approximately 46 single-family lots). Bridge Creek, Section 5 (approximately 50 single-family lots), Bridge Creek, Section 6 (approximately 32 single-family lots), Bridge Creek, Section 7 (approximately 37 single-family lots), Bridge Creek, Section 8 (approximately 39 single-family lots), Bridge Creek, Section 9 (approximately 55 single-family lots), Bridge Creek, Section 10 (approximately 51 single-family lots), Bridge Creek, Section 11 (approximately 34 single-family lots), Bridge Creek, Section 12 (approximately 83 single-family lots), and Bridge Creek, Section 13 (approximately 82 single-family lots) have been completed. Avalon at Cypress, Section 1 (approximately 109 single-family lots), Avalon at Cypress, Section 2 (approximately 67 single-family lots), Avalon at Cypress, Section 3 (approximately 30 single-family lots), Avalon at Cypress, Section 4 (approximately 31 single-family lots), Avalon at Cypress, Section 5 (approximately 23 single-family lots), Avalon at Cypress, Section 6

(approximately 28 single-family lots), Avalon at Cypress, Section 7 (approximately 25 single-family lots), Avalon at Cypress, Section 8 (approximately 42 single-family lots), Avalon at Cypress, Section 10 (approximately 34 single-family lots), Avalon at Cypress, Section 11 (approximately 55 single-family lots), Avalon at Cypress, Section 12 (approximately 40 single-family lots), Avalon at Cypress, Section 14 (approximately 57 single-family lots), Avalon at Cypress, Section W-1 (approximately 103 single-family lots), Avalon at Cypress, Section W-2 (approximately 80 single-family lots), Avalon at Cypress, Section W-3 (approximately 73 single-family lots), and Avalon at Cypress, Section W-4 (approximately 81 single-family lots) have been completed. In November of 2021, Taylor Morrison purchased approximately 262 additional acres to be developed as an extension of Avalon at Cypress. VPTM Avalon LB, LLC serves as a land bank for the Developer for the acreage within Avalon Cypress West. The Developer develops the land owned by VPTM Avalon LB, LLC and purchases the developed lots from such entity. All such acreage is located within Defined Area No. 1 in the District.

Build to Rent Community

BTR at Avalon Cypress, LLC ("BTR") is a Taylor Morrison build-to-rent community located within Avalon at Cypress on its own platted reserve. The community is fully built out and comprises approximately 240 rental units. There are no additional Taylor Morrison build-to-rent communities currently proposed within Avalon at Cypress, and all other sections are planned for traditional single-family residential development. While BTR operates as a separate division, it remains part of Taylor Morrison. Additionally, KL LB BUY 7 serves as the land banking entity for Taylor Morrison within Avalon at Cypress West.

CILB 2018, LP

CILB 2018, LP ("CILB") owns approximately 52.23 acres located within the District and Defined Area No. 1. The property is currently undeveloped. CILB has no plans to develop such property.

Defined Area No. 2

ASTRO MARVIDA, L.P.

Astro Marvida, L.P., a Delaware limited partnership ("Astro Marvida"), is the primary developer within the District in Defined Area No. 2. In December of 2021, Astro Marvida acquired all property owned by Cypress 856, LTD, a Texas limited liability partnership ("Cypress 856"), within Defined Area No. 2.

In September of 2019, Cypress 856 acquired approximately 856 acres within the District, approximately 854.61 acres of which are in Defined Area No. 2. Subsequently, Cypress 856 developed portions of the approximate 854.61 acres in Defined Area No. 2 as certain subdivisions of Marvida and sold several parcels within the 854.61-acre tract to other entities for development of additional Marvida sections, including the following: "Pod D," approximately 58.88 acres, was sold to M/I Homes (defined below); "Pod G," approximately 48.02 acres, was sold to M/I Homes; "Pod I," approximately 19.79 acres, was sold to KB Home Lone Star (defined below); "Pod J," approximately 25.10 acres, was sold to Pulte Homes of Texas, L.P.; "Pod M," approximately 26.13 acres, was sold to KB Home Lone Star; "Pod K," approximately 31.39 acres, was sold to K. Hovnanian Houston Marvida LLC; "Pod L," approximately 29.73 acres, was sold to Chesmar Homes LLC; "Pod O-1," approximately 12.56 acres, was sold to KB Home Lone Star; "Pod O-3," approximately 12.69 acres, was sold to Brightland Homes, LTD; "Pod A," approximately 70.00 acres, was sold to Marvida Pod A, LLC; and "Pod P," approximately 31.41 acres, was sold to Clay Residential Marvida–LP. In addition, in September of 2020, Cypress 856 sold approximately 50 acres to Cypress-Fairbanks Independent School District for a future school site.

In December 2021, Astro Marvida acquired the developed lots and remaining undeveloped lands owned by Cypress 856. Astro Marvida also acquired the approximately 70.00 acres sold to Marvida Pod A, LLC.

M/I HOMES

M/I Homes of Houston, LLC, ("M/I Homes") a Texas corporation and a subsidiary of M/I Homes, Inc., the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "MHO", purchased approximately 107 acres within Defined Area No. 2 from Cypress 856. M/I Homes has developed such acres into approximately 521 lots within the master-planned community of Marvida. M/I Homes was the developer and homebuilder of such lots. For more information, visit www.mihomes.com.

KB HOME

KB Home Lone Star Inc. ("KB Home Lone Star"), a Texas corporation and an indirect wholly owned subsidiary of KB Home Lone Star, a Delaware corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "KBH," has purchased approximately 58.48 acres within Defined Area No. 2

from Cypress 856, which has been developed into a total of 300 lots. For more information, visit www.kbhome.com.

PULTE HOMES

Pulte Homes of Texas, L.P., a Texas limited partnership, purchased approximately 34.18 acres in Defined Area No. 2, which has been developed into 113 single-family lots in Marvida. Pulte Homes of Texas, L.P. is affiliated with PulteGroup, Inc., which is publicly traded on the New York Stock Exchange under the ticker symbol "PHM." For more information, visit www.pultegroupinc.com.

K. HOVNANIAN

K. Hovnanian Houston Marvida LLC, Texas limited liability company, purchased approximately 31.39 acres in Defined Area No. 2, which has been developed into 135 single-family lots in Marvida.

CHESMAR HOMES

Chesmar Homes, LLC, a Texas limited liability company, purchased approximately 29.73 acres in Defined Area No. 2, which has been developed into approximately 176 single-family lots in Marvida.

BRIGHTLAND HOMES, LTD

Brightland Homes, LTD, a Texas limited partnership, purchased approximately 12.69 acres in Defined Area No. 2, which has been developed into approximately 76 single-family lots in Marvida.

Defined Area No. 3

TPHTM 529

The single-family property within the Defined Area No. 3, approximately 154.51 acres, is being developed by TPHTM 529 LLC ("TPHTM 529"), a Delaware limited liability company authorized to conduct business in the State of Texas. TPHTM 529 is a joint venture between Tri Pointe Homes, Inc., a Delaware corporation ("Tri Pointe") and Taylor Morrison Home Corporation, a Delaware corporation ("Taylor Morrison"). On May 14, 2026, Teton NewCo, Inc., a Delaware corporation and indirect wholly owned subsidiary of Sumitomo Forestry Co., Ltd. ("Sumitomo"), a Japanese corporation listed and traded on the Tokyo Stock Exchange, merged with Tri Pointe, resulting in Tri Pointe becoming a wholly owned subsidiary of Sumitomo. In connection with the merger, Tri Pointe's common stock was deregistered under the Securities Exchange Act of 1934 and is no longer listed or traded on the New York Stock Exchange or any other public exchange.

Tri Pointe continues to file certain reports with the SEC containing, among other information, data regarding the consolidated results of operations and financial position of Tri Pointe Parent Corporation and its consolidated subsidiaries, including Tri Pointe. Such filings are available through the SEC's website at www.sec.gov and through the investor relations portion of Tri Pointe's website at www.tripointehomes.com. Unless otherwise specified, information available on or through such websites is not incorporated by reference into this Official Statement.

Taylor Morrison is one of the nation's leading homebuilders and is wholly owned by Berkshire Hathaway. While Taylor Morrison is privately held, its parent company, Berkshire Hathaway, is publicly traded on the New York Stock Exchange under the symbols BRK.A and BRK.B.

TPHTM 529 has constructed 770 single-family residential lots on approximately 154.51 acres within Defined Area No. 3.

LANDMARK

Landmark Industries Development, LLC, Landmark Industries LLC, and Landmark Industries Holdings, Ltd. are affiliated entities of Landmark Development, LLC ("Landmark"), a privately held real estate development company that is developing the commercial tract within Defined Area No. 3. Landmark holds approximately 195 acres within the District, all of which have been equipped with the trunk utility infrastructure necessary to facilitate commercial development.

Homebuilders within the District

Taylor Morrison Homes is the only active homebuilder within Defined Area No. 1. Prices of new homes being constructed within Defined Area No. 1 range from approximately $340,000 to $800,000.

Homebuilders active within the District include: Anglia Homes, Ashton Woods, Beazer Homes, Century Communities, Chesmar Homes, Colina Homes, David Weekley Homes, DR Horton, Brightland Homes, Hamilton Thomas Homes, K. Hovnanian Homes, Lennar Homes, Long Lake, Meritage Homes, Perry Homes, and Westin Homes. Prices of new homes being constructed within the District range from approximately $250,000 to $635,000.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(October 2026)













PHOTOGRAPHS TAKEN IN THE DISTRICT

(October 2026)













DEFINED AREA NO. 1 DEBT

Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements of the Defined Area No. 1 Outstanding Bonds and the principal and interest requirement of the Bonds. Totals may not sum due to rounding.

Calendar	Outstanding	The Park Bonds		The Road Bonds		Total Combined
Year	Debt Service	Principal	Interest	Principal	Interest	Debt Service
2027	$ 3,133,638	$ -	$ 510,845	$ -	$ 200,867	$ 3,845,530
2028	3,120,184	300,000	693,300	115,000	272,550	4,501,034
2029	3,107,309	315,000	675,619	125,000	265,350	4,488,278
2030	3,101,109	335,000	656,931	130,000	257,700	4,480,741
2031	3,096,022	350,000	637,238	135,000	249,750	4,468,009
2032	3,091,875	370,000	617,925	145,000	241,350	4,466,150
2033	3,095,938	390,000	598,925	155,000	233,125	4,472,988
2034	3,100,113	415,000	578,800	160,000	225,250	4,479,163
2035	3,113,797	440,000	557,425	170,000	217,000	4,498,222
2036	3,122,966	465,000	534,800	180,000	208,250	4,511,016
2037	3,128,641	490,000	510,925	190,000	199,000	4,518,566
2038	3,146,769	515,000	485,800	200,000	189,250	4,536,819
2039	3,151,344	545,000	459,300	215,000	178,875	4,549,519
2040	3,156,069	575,000	431,300	225,000	167,875	4,555,244
2041	3,171,413	610,000	401,675	235,000	156,375	4,574,463
2042	3,187,616	645,000	370,300	250,000	144,250	4,597,166
2043	3,198,772	680,000	337,175	265,000	131,375	4,612,322
2044	3,214,600	720,000	302,175	280,000	117,750	4,634,525
2045	3,228,819	760,000	265,175	295,000	103,375	4,652,369
2046	3,237,694	800,000	226,175	310,000	88,250	4,662,119
2047	3,257,094	845,000	185,050	330,000	72,250	4,689,394
2048	3,269,828	895,000	141,550	350,000	55,250	4,711,628
2049	2,801,625	945,000	95,550	370,000	37,250	4,249,425
2050	1,384,431	1,000,000	54,425	390,000	21,175	2,850,031
2051	-	1,055,000	18,463	410,000	7,175	1,490,638
Total	$73,617,663	$14,460,000	$10,346,845	$ 5,630,000	$ 4,040,667	$ 108,095,175

Average Annual Debt Service Requirement on the Bonds and the Defined Area No. 1 Outstanding Bonds (2027–2051) $4,323,807

Maximum Annual Debt Service Requirement on the Bonds and the Defined Area No. 1 Outstanding Bonds (2048)..... $4,711,628

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DISTRICT DEBT

2026 Taxable Assessed Valuation of Defined Area No. 1	$	652,786,048	(a)
Estimate of Value as of July 1, 2026, of Defined Area No. 1	$	716,305,977	(b)
Direct Debt of Defined Area No. 1:			
The Defined Area No. 1 Outstanding Bonds	$	46,000,000	
The Park Bonds	$	14,460,000	
The Road Bonds	$	5,630,000	
Total	$	66,090,000	
Estimated Overlapping Debt of Defined Area No. 1	$	91,266,832	(c)
Total Direct and Estimated Overlapping Debt of Defined Area No. 1	$	157,356,832	(d)
Direct Debt Ratios of Defined Area No. 1 (c):			
As a percentage of 2026 Taxable Assessed Valuation		10.12 %	
As a percentage of Estimate of Value as of July 1, 2026		9.23 %	
Direct and Estimated Overlapping Debt Ratios of Defined Area No. 1 (c):			
As a percentage of 2026 Taxable Assessed Valuation		24.11 %	
As a percentage of Estimate of Value as of July 1, 2026		21.97 %	
Defined Area No. 1 Utility Debt Service Fund Balance (as of Date of Delivery)	$	701,925	
Defined Area No. 1 Road Debt Service Fund Balance (as of October 8, 2026)	$	2,103,221	
District Debt Service Fund Balance (as of October 8, 2026)	$	24,083,271	(e)
District General Fund Balance (as of October 8, 2026)	$	45,859,419	
District Capital Projects Fund Balance (as of October 8, 2026)	$	27,702,979	
2026 Tax Rate per $100 of Assessed Taxable Valuation			
District Debt Service		$ 0.57	(f)
District Maintenance		$ 0.25	
Total District Tax Rate (Not within Defined Area Nos. 1, 2 or 3)		$ 0.82	(f)
Defined Area No. 1 Tax Rate		$ 0.68	(g)
Total Defined Area No. 1 Tax Rate		$ 1.50	(g)
Defined Area No. 2 Tax Rate		$ 0.46	(h)
Total Defined Area No. 2 Tax Rate		$ 1.28	(h)
Defined Area No. 3 Tax Rate		$ 0.68	(i)
Total Defined Area No. 3 Tax Rate		$ 1.50	(i)
Average Annual Debt Service Requirement on the Bonds and the Defined Area No. 1 Outstanding Bonds (2027–2051)		$ 4,323,807	(j)
Maximum Annual Debt Service Requirement on the Bonds and the Defined Area No. 1 Outstanding Bonds (2048)		$ 4,711,628	(j)
Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirement (2027–2051) on the Bonds and the Defined Area No. 1 Outstanding Bonds at 95% Tax Collections:			
Based Upon the 2026 Taxable Assessed Valuation of Defined Area No. 1		$ 0.70	
Based Upon the Estimate of Value as of July 1, 2026, of Defined Area No. 1		$ 0.64	
Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement (2048) on the Bonds and the Defined Area No. 1 Outstanding Bonds at 95% Tax Collections:			
Based Upon the 2026 Taxable Assessed Valuation of Defined Area No. 1		$ 0.76	
Based Upon the Estimate of Value as of July 1, 2026, of Defined Area No. 1		$ 0.70	

(a) Represents the assessed valuation of all taxable property in Defined Area No. 1 as of January 1, 2026, provided by the Harris Central Appraisal District. Includes $36,679,415 of uncertified value. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Harris Central Appraisal District for information purposes only, this amount is an estimate of the value of all taxable property located within Defined Area No. 1 as of July 1, 2026, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2026, through July 1, 2026. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) Includes Defined Area No. 1's share of the District Outstanding Bonds as of the Date of Delivery. See "DEFINED AREA NO. 1 DEBT – Estimated Direct and Overlapping Debt Statement."

(d) Includes the Bonds and the Defined Area No. 1 Outstanding Bonds.

(e) Reflects funds available for payment of debt service on District Outstanding Bonds that are not Defined Area No. 1 Outstanding Bonds, Defined Area No. 2 Outstanding Bonds, or Defined Area No. 3 Outstanding Bonds. Such funds may not be used for payment of debt service on the Defined Area No. 1 Bonds, including the Bonds.

(f) Represents the tax levied by the District upon taxable property located within the entire District, including Defined Area No. 1, Defined Area No. 2, and Defined Area No. 3 the proceeds of which are available only for payment of debt service on District Outstanding Bonds or any additional unlimited tax bonds issued by the District that are secured by the proceeds of taxes levied upon taxable property within the entire District. This tax is separate from the ad valorem taxes that are levied by the District upon taxable property located only within Defined Area No. 1, Defined Area No. 2, or Defined Area No. 3. See "TAX DATA – Estimated Overlapping Taxes."

(g) For the 2026 tax year, the District levied a tax of $0.68 upon property located only within Defined Area No. 1. Such tax rate is composed entirely of a tax for payment of debt service on the Bonds, the Defined Area No. 1 Outstanding Bonds, and any additional bonds that the District may hereafter issue that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 1. See "TAX DATA."

(h) For the 2026 tax year, the District levied a tax of $0.46 upon property located only within Defined Area No. 2. Such tax rate is comprised of $0.34 per $100 of assessed valuation for road debt service and $0.12 per $100 of assessed valuation for park and utility debt service. Such tax rate is composed of a tax for the payment of debt service on bonds secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 2 including the Defined Area No. 2 Outstanding Bonds. See "TAX DATA."

(i) For the 2026 tax year, the District levied a tax of $0.68 upon property located only within Defined Area No. 3. Such tax rate is composed entirely of a tax for payment of debt service on the Defined Area No. 3 Outstanding Bonds, and any additional bonds that the District may hereafter issue that are secured by the proceeds of taxes levied upon taxable property located only within Defined Area No. 3. See "TAX DATA."

(j) Debt service on the Bonds and the Defined Area No. 1 Outstanding Bonds. See "DEFINED AREA NO. 1 DEBT – Debt Service Requirement Schedule."

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

	Outstanding Debt	Overlapping	
Taxing Jurisdiction	9/30/2026	Percent	Amount
Cypress-Fairbanks ISD	$3,264,440,000	0.82%	$26,870,200
Harris County	2,952,415,112	0.10%	2,867,982
Harris County Department of Education	28,960,000	0.09%	25,915
Harris County Flood Control District	1,001,580,000	0.10%	992,562
Harris County Hospital District	1,644,825,000	0.09%	1,554,260
Harris County MUD No. 165 (a)	334,405,000	17.33%	57,954,280
Harris County Toll Road	–	0.09%	–
Lone Star College System	336,455,000	0.19%	634,525
Port of Houston Authority	386,074,397	0.10%	367,109
Total Estimated Overlapping Debt			$91,266,832
Defined Area No. 1 Direct Debt (b)			$66,090,000
Total Direct and Estimated Overlapping Debt (a) (b)			$157,356,832

(a) Includes the District Outstanding Bonds as of the Date of Delivery.
(b) Includes the Bonds and the Defined Area No. 1 Outstanding Bonds.

Debt Ratios

Direct Debt Ratios (b):		
As a Percentage of 2026 Taxable Assessed Valuation of Defined Area No. 1	10.12	%
As a Percentage of Estimate of Value as of July 1, 2026, of Defined Area No. 1	9.23	%
Direct and Estimated Overlapping Debt Ratios (a) (b):		
As a Percentage of 2026 Taxable Assessed Valuation of Defined Area No. 1	24.11	%
As a Percentage of Estimate of Value as of July 1, 2026, of Defined Area No. 1	21.97	%

(a) Includes the District Outstanding Bonds as of the Date of Delivery.
(b) Includes the Bonds and the Defined Area No. 1 Outstanding Bonds.

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien which is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administration and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy and collect ad valorem taxes for operation and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. See "TAX DATA – Tax Rate Distribution."

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within Defined Area No. 1 in a sufficient amount to pay the principal of and interest on the Bonds, the Defined Area No. 1 Outstanding Bonds, and any additional bonds issued by the District that are payable from the proceeds of taxes levied by the District upon property located only within Defined Area No. 1 (see "INVESTMENT CONSIDERATIONS – Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment."

The Board is further authorized to levy a separate ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District, including Defined Area No. 1, in a sufficient amount to pay the principal of and interest on the District Outstanding Bonds and any additional bonds that the District may hereafter issue for the System as well as to pay the expenses of assessing and collecting such taxes. The proceeds from such taxes levied by the District for payment of debt service on District Outstanding Bonds are not available for payment of debt service on the Bonds and the Defined Area No.1 Outstanding Bonds. Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See "TAX DATA."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Property Tax Code (the "Property Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein. The Property Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Harris Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Harris County, Texas, including the District. Such appraisal values will be subject to review and change by the Harris Central Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. For the 2026 tax year, the District adopted a $20,000 residential homestead exemption for individuals who are disabled or 65 years of age or older. Such exemptions apply only to the tax levied by the District upon all taxable property located within the boundaries of the entire District but are not applicable to the taxes levied for Defined Area No. 3, Defined Area No. 2, and Defined Area No. 1. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of

the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead equal to the exemption received by the deceased spouse until such surviving spouse remarries.

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. The exemption also applies 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 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 service member's death and said property was the service member's residence homestead at the time of death. Such exemption may 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.

The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District adopted a 10% homestead exemption of the appraised market value of residential homesteads from ad valorem taxation for the 2026 tax year. Such exemptions apply only to the tax levied by the District upon all taxable property located within the boundaries of the entire District but are not applicable to the taxes levied for Defined Area No. 3, Defined Area No. 2, and Defined Area No. 1.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Harris County, Texas, may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, Texas, and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Harris County, Texas has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

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

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

The Property 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 property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals 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 to formally include such values on its appraisal roll.

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

temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

Tax Payment Installments after Disaster

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

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

District and Taxpayer Remedies

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

The Property 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 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. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District 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. For the 2026 tax year, the District adopted a resolution that classified the District as a "Developing District."

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 the State and 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. 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. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

Defined Area No. 1 Debt Service Tax

All taxable property within Defined Area No. 1 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 and Defined Area No.1 Outstanding Bonds and any future bonds issued by the District that are payable from the proceeds of taxes levied by the District upon property located only within Defined Area No. 1. See "TAXING PROCEDURES." The Board of Directors of the District has in its Bond Resolution covenanted 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. See "THE BONDS" and "INVESTMENT CONSIDERATIONS." For the 2026 tax year, the District levied a debt service tax of $0.68 per $100 of assessed valuation of property located in Defined Area No. 1. See "Tax Rate Distribution" below.

Defined Area No. 1 Maintenance Tax

The Board is authorized to levy a maintenance tax within Defined Area No. 1 not to exceed $1.50 per $100 of taxable assessed valuation. For the 2026 tax year, the District did not levy a maintenance tax upon property in Defined Area No. 1. See "Tax Rate Distribution" below.

District Debt Service Tax

All taxable property within the District is subject to the assessment, levy, and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the District Outstanding Bonds and any future tax-supported bonds that the District may hereafter issue for the System. 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 2026, the District levied a tax in the amount of $0.57 per $100 of assessed valuation for payment of debt service on the District Outstanding Bonds. This debt service rate is levied against all taxable property located within the District. See "Tax Rate Distribution" below.

District Maintenance Tax

The Board also 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 a vote of the District's electorate. The District voters have authorized the levy of such a maintenance tax in an amount not to exceed $0.25 per $100 of assessed valuation. Such tax is in addition to the other taxes that the District is authorized to levy as described above. In 2026, the District levied a maintenance tax in the amount of $0.25 per $100 of assessed valuation. This maintenance tax is levied against all taxable property in the District, including Defined Area No. 1. See "Tax Rate Distribution" below.

Exemptions

For the 2026 tax year, the District adopted an exemption from ad valorem taxation of $20,000 of the approved value of residence homesteads of individuals who are disabled or are sixty-five (65) years of age or older and a 10% exemption for general residential homesteads. Such exemptions apply only to the tax levied by the District upon all taxable property located within the boundaries of the entire District but are not applicable to the taxes levied for Defined Area No. 1, Defined Area No. 2, or Defined Area No. 3. See "TAXING PROCEDURES."

Portions of the land owned by the Developers are undeveloped and at some future date could be used for agricultural purposes. Under state law, the owners of such land could be entitled to have such land valued on the basis of its agricultural productivity (qualified open-space land), which would be a small fraction of its fair market value. Each of the Developers have not previously claimed an agricultural valuation, and have waived,

on behalf of themselves and their successors and assigns, any right to claim such valuation in future years. The waivers are binding for a period of 30 years.

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation which would be required to meet certain debt service requirements of the Defined Area No. 1 Outstanding Bonds and the Bonds if no growth in Defined Area No. 1's tax base occurs beyond the 2026 Taxable Assessed Valuation ($652,786,048) or the Estimate of Value as of July 1, 2026 ($716,305,977). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement on the Bonds and the Defined Area No. 1 Outstanding Bonds (2027–2051)	$4,323,807
Tax Rate of $0.70 on the 2026 Taxable Assessed Valuation produces	$4,341,027
Tax Rate of $0.64 on the Estimated Taxable Valuation as of July 1, 2026, produces	$4,355,140

Maximum Annual Debt Service Requirement on the Bonds and the Defined Area No. 1 Outstanding Bonds (2048)	$4,711,628
Tax Rate of $0.76 on the 2026 Taxable Assessed Valuation produces	$4,713,115
Tax Rate of $0.70 on the Estimated Taxable Valuation as of July 1, 2026, produces	$4,763,435

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 (see "DEFINED AREA NO. 1 DEBT – Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth on the following page is an estimation of all taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions.

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The following chart includes the 2026 taxes per $100 of assessed valuation levied by all such taxing jurisdictions.

Taxing Jurisdiction	2026 Tax Rate
The District	$0.820000
Harris County	0.417500
Harris County Depart of Educ	0.004805
Harris County Hospital District	0.195280
Harris County Flood Control District	0.052660
Harris County Port of Houston Authority	0.006030
Cypress-Fairbanks ISD	1.156900
Lone Star College System	0.105800
Total Tax Rate for District Not in Defined Area No. 1, 2, or 3	$2.758975
Defined Area No. 1	$0.680000
Total Tax Rate for District Defined Area No. 1	$3.438975
Defined Area No. 2	$0.460000
Total Tax Rate for District Defined Area No. 2	$3.218975
Defined Area No. 3	$0.680000
Total Tax Rate for District Defined Area No. 3	$3.438975

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical assessed valuation and tax collections of Defined Area No 1.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 9/30/26
2022	$ 109,500,131	$0.5700	$ 624,151	98.08%	2023	100.00%
2023	231,516,350	0.6400	1,481,705	100.00%	2024	100.00%
2024	365,350,150	0.6600	2,411,311	99.43%	2025	99.99%
2025	534,720,135	0.6800	3,636,097	98.86%	2026	99.71%
2026	616,106,633 (b)	0.6800	4,189,525	(c)	2027	(c)

(a) Represents the District's applicable tax rate for Defined Area No. 1 for payment of debt service on the bonds that the District may issue for Defined Area No. 1, levied upon all taxable property located only within the boundaries of Defined Area No. 1. See "Tax Rate Distribution" below.

(b) Excludes $36,679,415 of uncertified value.

(c) In process of collection. Taxes are not due until January 1, 2027.

Tax Rate Distribution

The District	2026	2025	2024	2023	2022	2021	2020
Debt Service (a)	$0.570	$0.570	$0.570	$0.610	$0.680	$0.710	$0.750
Maintenance & Operations (b)	$0.250	$0.250	$0.250	$0.250	$0.250	$0.240	$0.200
Total	$0.820	$0.820	$0.820	$0.860	$0.930	$0.950	$0.950
Defined Area No. 1							
Debt Service (c)	$0.680	$0.680	$0.680	$0.640	$0.570	$0.550	–
Maintenance & Operations	–	–	–	–	–	–	$0.550
Defined Area No. 2							
Debt Service (d)	$0.460	$0.580	$0.680	$0.640	$0.570	–	–
Maintenance & Operations	–	–	–	–	–	$0.550	–
Defined Area No. 3							
Debt Service (e)	$0.680	$ –	-	–	–	–	–
Maintenance & Operations	–	0.68	-	–	–	–	–

(a) Such tax is levied by the District upon all taxable property located within the District, including Defined Area No. 1 and Defined Area No. 2, for payment of debt service on the District Outstanding Bonds, and any additional bonds that the District may hereafter issue that are secured by the proceeds of taxes levied upon taxable property within the entire District. The proceeds of such tax may not be used for payment of debt service on the Bonds.

(b) Such tax is levied by the District upon all taxable property located within the District, including Defined Area No. 1, Defined Area No. 2, and Defined Area No. 3 for payment of expenditures for maintenance and operations in the District.

(c) Such tax is levied by the District upon all taxable property located within Defined Area No. 1 for payment of debt service on bonds that the District may issue for Defined Area No. 1, including the Defined Area No. 1 Outstanding Bonds and the Bonds.

(d) Such tax is levied by the District upon all taxable property located within Defined Area No. 2 for payment of debt service on bonds that the District may issue for Defined Area No. 2. The proceeds of such tax may not be used for payment of debt service on the Bonds. Such 2026 tax rate is comprised of $0.34 per $100 of assessed valuation for road debt service and $0.12 per $100 of assessed valuation for park and utility debt service.

(e) Such tax is levied by the District upon all taxable property located within Defined Area No. 3 for payment of debt service on bonds that the District may issue for Defined Area No. 3, including the Defined Area No. 3 Bonds.

Assessed Taxable Valuation Summary

The following table illustrates the types of property that make up the total taxable assessed value of Defined Area No. 1 for each of tax years 2022–2026.

Type of Property	2026 Assessed Taxable Valuation (b)	2025 Assessed Taxable Valuation	2024 Assessed Taxable Valuation	2023 Assessed Taxable Valuation	2022 Assessed Taxable Valuation
Land	$134,027,638	$145,366,015	$115,229,544	$89,228,211	$60,642,256
Improvements	502,168,668	416,354,681	274,742,263	160,495,146	57,210,542
Personal Property	3,573,975	3,358,131	1,447,555	688,948	73,100
Exemptions (a)	(23,663,648)	(29,730,660)	(25,981,792)	(18,895,955)	(8,425,767)
Total	$616,106,633	$535,348,167	$365,437,570	$231,516,350	$109,500,131

(a) "Exemptions," as categorized above, includes productivity loss from special valuation for agricultural designation, inventory deferments, values assigned to properties that are exempt from taxation, and state-mandated homestead exemptions such as those for disabled veterans.

(b) Excludes $36,679,415 of uncertified value.

Principal Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists the principal taxpayers within Defined Area No. 1, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2026.

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	Percent of 2026 Value
BTR At Avalon Cypress LLC (a)	Land & Improvements	$ 42,651,000	6.92%
Taylor Morrison Corp/Taylor Morrison of Texas (a)	Land & Improvements	21,912,468	3.56%
KL LB Buy 7 LLC (b)	Land	5,030,000	0.82%
Warberg Deal 19 LP	Land	4,375,164	0.71%
PDC 8 Bridgecreek LLC	Land & Improvements	3,747,552	0.61%
99 West 570 Partners LLC	Land & Improvements	2,662,543	0.43%
TPG AG EHC 111 MTH Mutist	Land	1,962,731	0.32%
Lee Trust	Land & Improvements	1,302,417	0.21%
Avalon at Cypress Communities	Land & Improvements	1,154,681	0.19%
Homeowner	Land & Improvements	807,786	0.13%
Total		$ 85,606,342	13.89%

(a) See "PRINCIPAL LANDOWNERS/DEVELOPERS."
(b) Land bank for Taylor Morrison.

THE SYSTEM

According to the Engineer, the District's water distribution, wastewater collection and storm drainage facilities (collectively, the "System") have been designed in accordance with the then criteria of various regulatory agencies including Harris County, Texas, the City and the TCEQ. The construction and installation of the facilities was completed in accordance with the then standards and specifications of such entities. The System has been in operation for a number of years.

Regulation

Construction and operation of the District's System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of several Federal, State and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Harris County, Texas, the TCEQ and the U.S. Army Corps of Engineers. Harris County, Texas, also exercises regulatory jurisdiction over the District's System. The Harris-Galveston Coastal Subsidence District regulates ground water usage.

Water Supply

The District's primary source of water is surface water received from the West Harris County Regional Water Authority ("Authority"). Currently, over 50% of the District's water supply is surface water from the Authority that flows through four of the six water plants located in and owned and operated by the District. The four of the six water plants, as described below, were converted for surface water supply in 2020, with the remaining two water plants awaiting connection into the Authority's system. The District retains the ability of obtaining its entire water supply from ground water produced by wells at each of the six water plants. See "Subsidence and Conversion to Surface Water Supply" below.

Water Plant No. 1 consists of a 1,500 gallon per minute ("gpm") well, a 500,000-gallon ground storage tank, two (2) 25,000-gallon hydropneumatic tanks, four (4) 1500 gpm booster pumps and related appurtenances. Water Plant No. 2 consists of an 800 gpm well, two (2) 300,000-gallon ground storage tanks, a 25,000-gallon hydropneumatic tank, four (4) 1500 gpm booster pumps and related appurtenances. Water Plant No. 3 consists of a 1,200 gpm well, two (2) 300,000-gallon ground storage tanks, a 25,000-gallon hydropneumatic tank, four (4) 1500 gpm booster pumps and related appurtenances. Water Plant No. 4 consists of a 1,500 gpm well, two (2) 300,000-gallon ground storage tanks, two (2) 25,000-gallon hydropneumatic tanks, four (4) 1500 gpm booster pumps and related appurtenances. Water Plant No. 5 consists of a 1,500 gpm well, two (2) 300,000-gallon ground storage tanks, two (2) 25,000-gallon hydropneumatics tanks, four (4) 1,500 gpm booster pumps

and related appurtenances. Water Plant No. 6 consists of a 1,500 gpm well, two (2) 300,000-gallon ground storage tanks, two (2) 25,000-gallon hydropneumatics tanks, four (4) 1,500 gpm booster pumps and related appurtenances. All of the District's water plants have emergency power generation provided by either diesel or natural gas generators.

As of September 2026, the District was serving approximately 12,750 ESFCs. Collectively, the District's water wells are currently operating at 70% of their respective design capacities. The District has the capacity to serve approximately 17,000 ESFCs.

Emergency water interconnect lines between Harris County Municipal Utility District No. 105 ("MUD 105"), Harris County Municipal Utility District No. 156 ("MUD 156"), Harris County Municipal Utility District No. 157 ("MUD 157"), Harris County Municipal Utility District No. 172 ("MUD 172") and the District are complete. In addition, design is underway for a proposed interconnect with Harris County Municipal Utility District No. 569 for a permanent interconnect and temporary water supply to an area of the district currently under development. Additional interconnection points with all four adjacent utility districts may be considered to ensure emergency water availability throughout the District.

Sewage Collection and Treatment

The District and MUD 157 have entered into multiple Contracts for Financing, Construction and Operation of Regional Wastewater Treatment Facilities pursuant to which the District and MUD 157 have constructed a 2.3 million gallon per day ("MGD") wastewater treatment plant, with 1.045 MGD reserved for the District. Such capacity is sufficient to serve approximately 4,019 ESFCs based on 260 gallons per day per connection. The cost of operating such facility is shared between the districts based in part upon the number of ESFCs being served by each district and in part by the amount of wastewater treatment capacity owned by each district.

The District solely owns a 2.0 MGD plant which is full capacity of the permanent wastewater treatment plant ("WWTP No. 1") that is currently capable of serving 6,667 ESFCs based on 300 gallons per day per connection. The total capacity of both the regional plant and WWTP No. 1 is 10,686 connections. In addition, the District solely owns a 1.00 MGD plant which is the current capacity of the permanent wastewater treatment plant ("WWTP No. 2"). Phase 2 of development of WWTP No. 2 is expected to expand the capacity of WWTP No. 2 from 1.0 MGD to 2.0 MGD. Construction of Phase 2 of WWTP NO. 2 has commenced and is expected to be completed by the end of 2026.

As of September 2026, the District is serving approximately 12,750 ESFCs. With the existing facilities and the completion the first and second phases of WWTP No. 2, the District will have the capacity to serve approximately 17,350 ESFCs.

Drainage

An underground storm sewer system conveys runoff from within the District to an outfall drainage channel, Dinner Creek, which has undergone rectification in a joint project between the District and MUD 157. The rectified creek serves all of the areas within the District and MUD 157. These channel improvements extended southward through the District and MUD 157 and terminated at Barker Cypress Road. Subsequent to the Dinner Creek improvements constructed by the districts, the Harris County Flood Control District has implemented a regional drainage program and the District has constructed additional improvements to Langham Creek. As a result of such drainage improvements, all but a small portion of the land located within the District lies outside the 100-year flood plain as reflected on the National Flood Insurance Rate Map, panel 120 of 390, dated August 16, 1996. The District has entered into an Agreement with Harris County Municipal Utility District No. 433 wherein the parties share in the cost of the initial improvements, future improvement and operation and maintenance of the channel.

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. According to the Engineer, approximately 300 acres in the District are located within the 100-year flood plain, however, no development is planned for such land.

Atlas 14

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

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County and a small portion of Fort Bend County. The District is not located within the boundaries of the Authority, but has entered into a contract to be included in the Authority's GRP (defined below). The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP.

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

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

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

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Operating History

H2O Consulting currently operates and maintains the System under a contract with the District. This includes operation and maintenance of all components of the System except storm sewers and drainage ditches which are maintained by Harris County, Texas. To the best of the Engineer's knowledge the System is in compliance with the requirements of all governmental agencies. The following information relating to the District's waterworks and sewer system operations is provided for informational purposes only.

The following statement summarizes the operating history of the District's waterworks and sewer system for the last five years. The figures below were obtained from the District's audited financial statements for the fiscal years ended September 30, 2022, through September 30, 2025, to which reference is made for more complete and further information. See "APPENDIX A." The unaudited figures for the eleven-month period ended August 31, 2026, are unaudited and were provided by the Bookkeeper.

	Fiscal Year Ending September 30,				
	2026 (a)	2025	2024	2023	2022
REVENUES:					
Property Taxes	$ 9,873,597	$ 8,819,403	$ 7,496,076	$ 6,148,037	$ 4,904,202
Sales Tax Revenues	165,033	194,056	166,308	156,438	146,118
Water Service	4,520,705	4,744,739	4,332,579	4,071,788	3,837,761
Wastewater Service	5,312,817	5,357,924	4,711,903	3,895,113	3,490,730
Regional Water Authority Fee	4,575,097	5,666,114	4,954,672	5,137,992	3,661,902
Penalty & Interest	320,427	487,269	489,720	407,344	221,235
Tap Connection Inspection Fees	2,299,901	2,557,027	2,150,631	3,029,342	1,524,498
Investment Revenues	1,175,088	1,329,462	1,500,226	1,101,065	139,429
Miscellaneous Revenues	149,540	133,738	219,448	168,588	962
TOTAL REVENUES	$28,392,205	$29,289,732	$26,021,563	$24,115,707	$17,926,837
EXPENDITURES:					
Purchased Services - Sewer	$ 763,921	$ 1,284,943	$ 2,142,424	$ 630,031	$ 541,828
Purchased Services - Water	1,736,307	2,111,229	593,223	2,258,555	2,169,618
Regional Water Authority Assessment	3,042,957	3,700,427	3,386,394	3,018,721	1,663,478
Professional Fees	1,164,777	1,114,166	971,094	1,081,354	992,087
Contracted Services	6,356,515	5,914,962	5,663,027	4,898,338	4,174,396
Utilities	678,804	765,319	720,664	563,023	438,695
Recreational Facilities	185,282	398,994	135,148	261,450	193,004
Repairs and Maintenance	4,389,519	4,517,101	4,942,248	3,340,058	2,547,431
Other Expenditures	2,698,385	3,131,685	2,920,808	566,085	467,365
Tap Connections	934,940	–	–	1,291,558	778,525
Capital Outlay	–	2,202,389	2,889,858	1,310,450	1,003,751
Debt Service	–	–	–	47,500	45,000
TOTAL EXPENDITURES	$21,951,407	$25,141,215	$24,364,888	$19,267,123	$15,015,178
Excess of Revenues Over Expenditures	$ 6,440,798	$ 4,148,517	$ 1,656,675	$ 4,848,584	$ 2,911,659
OTHER FINANCING SOURCES:					
Interfund Transfers In	$ (-)	$ (11,224)	$ –	$ 342,753	$ 187,955
Reimbursement From Government Entity	–	–	–	–	29,573
Beginning Fund Balance	$34,175,003	$30,037,710	$28,381,035	$23,189,698	$20,060,511
Ending Fund Balance	$40,615,801	$34,175,003	$30,037,710	$28,381,035	$23,189,698

(a) Unaudited. Provided by the District's bookkeeper.

THE ROAD SYSTEM IN DEFINED AREA NO. 1

Defined Area No. 1 is primarily served by the Grand Parkway (Texas State Highway 99), West Road, Westgreen Boulevard, and Mason Road. The internal subdivision streets direct residents to Bridge Creek Terrace Drive. West Road, Westgreen Boulevard, and Mason Road are designated thoroughfares on the Harris County thoroughfare plan. Harris County is responsible for ongoing maintenance of the public roads in Defined Area No. 1, except for the decorative additions inside the road. The District is responsible for the replacement of any road or bridge features that exceed the minimum Harris County standards and specifications for thoroughfares.

THE PARK SYSTEM IN DEFINED AREA NO. 1

The Developer has constructed certain park and recreational facilities within Defined Area No. 1 of the District and the District will issue park bonds to reimburse the Developer for recreational facility projects, including but not limited to the sidewalks, landscaping, hardscaping, park land, and related appurtenances, located within Defined Area No. 1 of the District on District-owned property within public right-of-way. The District is also funding certain park projects with the proceeds of the Park Bonds. See "THE BONDS – Use and Distribution of Park Bond Proceeds."

LEGAL MATTERS

Legal Opinions

Delivery of each series of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of two separate annual ad valorem taxes levied, without legal limitation as to rate or amount, upon all taxable property within Defined Area No. 1 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, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE DISTRICT," "THE BONDS," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developers or the principal landowners for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No-Litigation Certificate

The District will furnish the Initial Purchasers a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Initial Purchasers 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.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolutions pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolutions or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolutions upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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

Not Qualified Tax-Exempt Obligations

The Bonds are not designated "qualified tax-exempt obligations" for financial institutions.

Additional Federal Income Tax Considerations

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

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

Tax Accounting Treatment of Original Issue Discount If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could 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 recently enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolutions, 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, and timely notice of specified material events, to 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 to EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DEFINED AREA NO. 1 DEBT," "DISTRICT DEBT" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026. The District will provide the updated information to EMMA.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

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

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

Compliance with Prior Undertakings

During the past five years, the District has complied in all material respects with its previous continuing disclosure agreements made in accordance with SEC Rule 15c2-12, except as described below:

The District's Annual Report for the fiscal year ended September 30, 2025, was due to be filed with the MSRB through the EMMA internet portal on March 31, 2026. Due to an administrative oversight, the District did not file its 2025 Annual Report until October 30, 2026, which was more than six months after the end of the District's 2025 fiscal year.

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 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.

The financial statements of the District as of September 30, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's September 30, 2025, audited financial statements.

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT – Description," "THE SYSTEM," "THE ROAD SYSTEM IN DEFINED AREA NO. 1," and "THE PARK SYSTEM IN DEFINED AREA NO. 1" has been provided by DAC Services, Inc. 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 the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Bob Leared Interests and the Appraisal District. Such information has been included herein in reliance upon Bob Leared Interests' authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources 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 in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 165 as of the date shown on the first page hereof.

/s/ Alan Bentson
President, Board of Directors
Harris County Municipal Utility District No. 165

ATTEST:

/s/ Wayne Green
Secretary, Board of Directors
Harris County Municipal Utility District No. 165

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 165
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 165 (the "District") as of and for the year ended September 30, 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 each major fund of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Harris County Municipal Utility District No. 165

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

February 5, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Management's discussion and analysis of Harris County Municipal Utility District No. 165's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by $95,843,878 as of September 30, 2025.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 104,787,915	$ 86,607,280	$ 18,180,635
Capital Assets (Net of Accumulated Depreciation)	260,177,625	230,913,523	29,264,102
Total Assets	$ 364,965,540	$ 317,520,803	$ 47,444,737
Deferred Outflows of Resources	$ 2,209,797	$ 2,473,580	$ (263,783)
Due to Developers	$ 24,876,418	$ 41,671,004	$ 16,794,586
Bonds Payable	430,327,864	331,472,378	(98,855,486)
Other Liabilities	7,814,933	30,669,782	22,854,849
Total Liabilities	$ 463,019,215	$ 403,813,164	$ (59,206,051)
Net Position:			
Net Investment in Capital Assets	$ (149,772,034)	$ (131,673,499)	$ (18,098,535)
Restricted	22,336,615	20,385,554	1,951,061
Unrestricted	31,591,541	27,469,164	4,122,377
Total Net Position	$ (95,843,878)	$ (83,818,781)	$ (12,025,097)

The following table provides a summary of the District's operations for the years ended September 30, 2025, and September 30, 2024. The District's net position decreased by $12,025,097.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 36,085,480	$ 29,672,536	$ 6,412,944
Charges for Services	19,121,960	16,964,121	2,157,839
Other Revenues	4,409,317	6,254,643	(1,845,326)
Total Revenues	$ 59,616,757	$ 52,891,300	$ 6,725,457
Expenses for Services	71,641,854	61,886,623	(9,755,231)
Change in Net Position	$ (12,025,097)	$ (8,995,323)	$ (3,029,774)
Net Position, Beginning of Year	(83,818,781)	(74,823,458)	(8,995,323)
Net Position, End of Year	$ (95,843,878)	$ (83,818,781)	$ (12,025,097)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2025, were $96,838,859, an increase of $18,410,785 from the prior year.

The General Fund fund balance increased by $4,137,293 primarily due to tax and service revenues exceeding operating and capital costs.

The Debt Service Fund fund balance increased by $2,510,446 primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by $11,763,046, primarily due to unspent bond proceeds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. The budget was amended during the current fiscal year to increase projected revenues and increase projected expenditures. Actual revenues were $458,484 more than budgeted revenues. Actual expenditures were $532,955 more than budgeted expenditures. Transfers out of $11,224 were not budgeted. This resulted in a negative budget variance of $85,695. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of September 30, 2025, total $260,177,625 (net of accumulated depreciation) and include land, as well as the water and wastewater systems, as well as parks and recreation facilities.

Capital Assets At Period-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 96,114,068	$ 83,200,668	$ 12,913,400
Construction in Progress	18,262,141	30,261,276	(11,999,135)
Capital Assets, Net of Accumulated Depreciation:			
Water System	51,175,461	40,911,288	10,264,173
Wastewater System	81,752,545	62,981,963	18,770,582
Parks and Recreation	12,873,410	13,558,328	(684,918)
Total Net Capital Assets	$ 260,177,625	$ 230,913,523	$ 29,264,102

Additional information on the District's capital assets can be found in Note 6 of this report.

LONG-TERM DEBT ACTIVITY

As of September 30, 2025, the District had total bond debt payable of $434,610,000. The changes in the debt position of the District during the year ended September 30, 2025, are summarized as follows:

Bond Debt Payable, October 1, 2024	$	334,545,000
Add: Bond Sales		110,965,000
Less: Bond Principal Paid		10,900,000
Bond Debt Payable, September 30, 2025	$	434,610,000

The District's bonds carry an underlying rating of "A2" from Moody's.

The Series 2015 Refunding, Series 2018, Series 2021 Refunding, Series 2022, Series 2023, Series 2022 Defined Area No. 1 Road, Series 2022A Defined Area No. 1 Road, Series 2022 Defined Area No. 2 Road, Series 2022A Defined Area No. 2 Road, Series 2023 Defined Area No. 2 Road, Series 2024 Defined Area No. 1 Park, Series 2024 Defined Area No. 1 Road, Series 2024 Defined Area No. 2 Road, Series 2024, Series 2024A Defined Area No. 2 Park, and Series 2025 bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

The Series 2015, Series 2019, Series 2020 and Series 2020 Refunding, Series 2023 Defined Area No. 1 Road and Series 2023A Defined Area No. 2 Road bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty. The Series 2017 bonds carry an insured rating of "Baa3" from Moody's by virtue of bond insurance issued by National Public Finance Guarantee Corporation.

The above ratings are as of September 30, 2025, and reflect all ratings of the bond insurers through the year then ended.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 165, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 3,278,269	$ 276,309
Investments	32,477,813	23,066,023
Receivables:		
Property Taxes	112,925	352,257
Penalty and Interest on Delinquent Taxes		
Service Accounts	2,559,781	
Accrued Interest	7,883	
Other	600	
Due from Developers	40,134	
Due from Other Funds	5,000	4,298
Prepaid Costs	111,154	
Due from City of Houston	47,630	
Advance for Wastewater Treatment Plant Operations	245,022	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 38,886,211	$ 23,698,887
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ - 0 -	$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 38,886,211	$ 23,698,887

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 41,328	$ 3,595,906	$	$ 3,595,906
41,129,172	96,673,008		96,673,008
	465,182		465,182
		191,615	191,615
	2,559,781		2,559,781
	7,883		7,883
850,000	850,600		850,600
	40,134		40,134
246,124	255,422	(255,422)	
	111,154		111,154
	47,630		47,630
	245,022		245,022
		96,114,068	96,114,068
		18,262,141	18,262,141
		145,801,416	145,801,416
$ 42,266,624	$ 104,851,722	$ 260,113,818	$ 364,965,540
$ - 0 -	$ - 0 -	$ 2,209,797	$ 2,209,797
$ 42,266,624	$ 104,851,722	$ 262,323,615	$ 367,175,337

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 2,388,643	$
Accrued Interest Payable		
Due to Developers		
Retainage Payable		
Due to Other Funds	250,422	5,000
Due to Taxpayers		176,213
Due to Others		
Security Deposits	1,959,218	
Long-Term Liabilities:		
Bonds Payable Due Within One Year		
Bonds Payable Due After One Year		
TOTAL LIABILITIES	$ 4,598,283	$ 181,213
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 112,925	$ 352,257
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 111,154	$
For Wastewater Treatment Plant Operations	245,022	
Restricted for Authorized Construction		
Restricted for Debt Service		23,165,417
Unassigned	33,818,827	
TOTAL FUND BALANCES	$ 34,175,003	$ 23,165,417
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 38,886,211	$ 23,698,887
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 516,387	$ 2,905,030	$	$ 2,905,030
		1,372,674	1,372,674
850,000	850,000	24,026,418	24,876,418
1,026,953	1,026,953		1,026,953
	255,422	(255,422)	
	176,213		176,213
374,845	374,845		374,845
	1,959,218		1,959,218
		13,590,000	13,590,000
		416,737,864	416,737,864
$ 2,768,185	$ 7,547,681	$ 455,471,534	$ 463,019,215
$ - 0 -	$ 465,182	$ (465,182)	$ - 0 -
$	$ 111,154	$ (111,154)	$
	245,022	(245,022)	
39,498,439	39,498,439	(39,498,439)	
	23,165,417	(23,165,417)	
	33,818,827	(33,818,827)	
$ 39,498,439	$ 96,838,859	$ (96,838,859)	$ - 0 -
$ 42,266,624	$ 104,851,722		
		$ (149,772,034)	$ (149,772,034)
		22,336,615	22,336,615
		31,591,541	31,591,541
		$ (95,843,878)	$ (95,843,878)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds		$ 96,838,859
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. The District also amortizes prepaid bond insurance over the term of the bonds.		2,209,797
Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		260,177,625
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		656,797
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (24,026,418)	
Accrued Interest Payable	(1,372,674)	
Bonds Payable	(430,327,864)	(455,726,956)
Total Net Position - Governmental Activities		$ (95,843,878)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 8,819,403	$ 27,344,268
Water Service	4,744,739	
Wastewater Service	5,357,924	
Regional Water Authority Fees	5,666,114	
Penalty and Interest	487,269	293,293
Tap Connection and Inspection Fees	2,557,027	
Sales Tax Revenues	194,056	
Investment Revenues	1,329,462	1,223,890
Miscellaneous Revenues	133,738	290
TOTAL REVENUES	$ 29,289,732	$ 28,861,741
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 1,114,166	$ 133,819
Contracted Services	5,914,962	497,959
Purchased Water Service	2,111,229	
Purchased Wastewater Service	1,284,943	
Utilities	765,319	
Regional Water Authority Assessment	3,700,427	
Repairs and Maintenance	4,517,101	
Depreciation		
Parks and Recreation	398,994	
Other	3,131,685	49,046
Capital Outlay	2,202,389	
Developer Interest		
Conveyance of Assets		
Debt Service:		
Bond and Bond Anticipation Note Issuance Costs		
Bond and Bond Anticipation Note Principal		10,900,000
Bond and Bond Anticipation Note Interest		14,937,529
TOTAL EXPENDITURES/EXPENSES	$ 25,141,215	$ 26,518,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 4,148,517	$ 2,343,388

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 36,163,671	$ (78,191)	$ 36,085,480
	4,744,739		4,744,739
	5,357,924		5,357,924
	5,666,114		5,666,114
	780,562	15,594	796,156
	2,557,027		2,557,027
	194,056		194,056
1,515,916	4,069,268		4,069,268
11,965	145,993		145,993
$ 1,527,881	$ 59,679,354	$ (62,597)	$ 59,616,757
$ 180,499	$ 1,428,484	$	$ 1,428,484
	6,412,921		6,412,921
	2,111,229		2,111,229
	1,284,943		1,284,943
	765,319		765,319
	3,700,427		3,700,427
	4,517,101	191,923	4,709,024
		5,351,502	5,351,502
	398,994		398,994
480,201	3,660,932		3,660,932
65,701,451	67,903,840	(67,903,840)	
4,955,761	4,955,761		4,955,761
		15,451,724	15,451,724
5,584,381	5,584,381		5,584,381
22,349,000	33,249,000	(33,249,000)	
	14,937,529	888,684	15,826,213
$ 99,251,293	$ 150,910,861	$ (79,269,007)	$ 71,641,854
$ (97,723,412)	$ (91,231,507)	$ 79,206,410	$ (12,025,097)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	$ (11,224)	$ 11,224
Long-Term Debt Issued		155,834
Bond Premium		
Bond Discounts		
TOTAL OTHER FINANCING SOURCES (USES)	$ (11,224)	$ 167,058
NET CHANGE IN FUND BALANCES	$ 4,137,293	$ 2,510,446
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2024	30,037,710	20,654,971
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2025	$ 34,175,003	$ 23,165,417

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$	$	$
110,809,166	110,965,000	(110,965,000)	
2,085,797	2,085,797	(2,085,797)	
(3,408,505)	(3,408,505)	3,408,505	
$ 109,486,458	$ 109,642,292	$ (109,642,292)	$ - 0 -
$ 11,763,046	$ 18,410,785	$ (18,410,785)	$
		(12,025,097)	(12,025,097)
27,735,393	78,428,074	(162,246,855)	(83,818,781)
$ 39,498,439	$ 96,838,859	$ (192,682,737)	$ (95,843,878)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net Change in Fund Balances - Governmental Funds	$	18,410,785
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		(78,191)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		15,594
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(5,351,502)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		67,711,917
Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.		(15,451,724)
Governmental funds report bond premiums and bond discounts as other financing sources or uses in the year received or paid. However, in the Statement of Net Position, the bond premiums and bond discounts are amortized over the life of the bonds and the current period amortized portion is recorded in the Statement of Activities.		1,322,708
Governmental funds report bond and bond anticipation note principal payments as expenditures. However, in the Statement of Net Position, principal payments are reported as decreases in long-term liabilities.		33,249,000
Governmental funds report interest expenditures on long-term debt as expenditures in the period paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(888,684)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(110,965,000)
Change in Net Position - Governmental Activities	$	(12,025,097)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 165 of Harris County, Texas (the "District") was created effective July 6, 1978, by an Order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to establish, operate and maintain a fire department to perform all fire-fighting activities with the District.

On January 3, 2019, the District created Defined Area No. 1 over approximately 833.04 acres of land that were newly annexed into the District on such date of creation. Defined Area No. 1 was created pursuant to Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve the land within the boundaries of Defined Area No. 1.

On August 6, 2020, the District created Defined Area No. 2 over approximately 858.64 acres of land, which includes 854.61 acres that that were newly annexed into the District on such date of creation and an additional 4.03 acres that were previously within the boundaries of the District. Defined Area No. 2 was created pursuant to Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve the land within the boundaries of Defined Area No. 2.

On July 11, 2024, the District created Defined Area No. 3 over approximately 457.57 acres of land that were newly annexed into the District on such date of creation. Defined Area No. 3 was created pursuant to Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve the land within the boundaries of Defined Area No. 3.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District has entered into an agreement with Harris County Municipal Utility District No. 157 ("District No. 157") for wastewater disposal. An additional disclosure concerning this agreement is provided in Note 8. Financial information is included in the financial statements for District No. 157. Copies of the financial statements can be obtained from their auditor.

Financial Statement Presentation

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the current period and taxes collected after September 30, 2025, which were considered available to defray the expenditures of the current period. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2025, the General Fund owed the Debt Service Fund $4,298 for an excess transfers of maintenance tax collections, the Debt Service Fund owed the General Fund $5,000 for arbitrage compliance costs and the General Fund owed the Capital Projects Fund $246,124 for capital costs.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Parks and Recreation Facilities	10-20

Budgeting

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. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Refunding Series 2015	Series 2015	Series 2017	Series 2018
Amount Outstanding - September 30, 2025	$29,505,000	$18,205,000	$24,210,000	$2,830,000
Interest Rates	3.00%-5.00%	3.00%-4.00%	2.25%-3.50%	3.00%-4.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2034	March 1, 2026/2039	March 1, 2026/2042	March 1, 2026/2043
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2025*	March 1, 2024*	March 1, 2025*	March 1, 2023*

	Series 2019	Series 2020	Refunding Series 2020	Refunding Series 2021
Amount Outstanding - September 30, 2025	$10,485,000	$38,875,000	$1,805,000	$8,745,000
Interest Rates	2.00%-2.625%	1.00%-2.25%	2.00%	2.00%-3.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2044	March 1, 2026/2045	March 1, 2026/2030	March 1, 2026/2038
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2024*	March 1, 2025*	March 1, 2025*	March 1, 2027*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2015 Refunding term bonds maturing on March 1, 2034 are subject to mandatory redemption beginning March 1, 2033. Series 2017 term bonds maturing on March 1, 2031 and March 1, 2042 are subject to mandatory redemption beginning March 1, 2030 and March 1, 2041, respectively. Series 2018 term bonds maturing on March 1, 2025, 2027, 2029, 2031, 2033, 2035 and 2041 are subject to mandatory redemption beginning March 1, 2024, 2026, 2028, 2030, 2032, 2034 and 2040, respectively. Series 2019 term bonds maturing on March 1, 2044 are subject to mandatory redemption beginning March 1, 2040. Series 2020 term bonds maturing on March 1, 2045 are subject to mandatory redemption beginning March 1, 2042.

NOTE 3. LONG-TERM DEBT (Continued)

	Defined Area No. 1 Road Series 2022	Defined Area No. 2 Road Series 2022	Series 2022	Defined Area No. 1 Road Series 2022A
Amount Outstanding - September 30, 2025	$7,710,000	$4,655,000	$46,095,000	$6,005,000
Interest Rates	2.50%-5.00%	3.00%-3.35%	3.00%-4.00%	5.00%-7.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2048	March 1, 2026/2048	March 1, 2026/2046	March 1, 2026/2049
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2027*	March 1, 2027*	March 1, 2028*	March 1, 2028*

	Defined Area No. 2 Road Series 2022A	Defined Area No. 2 Road Series 2023	Series 2023	Defined Area No. 1 Road Series 2023
Amount Outstanding - September 30, 2025	$4,035,000	$6,950,000	$43,445,000	$12,620,000
Interest Rates	5.00%-7.50%	4.00%-6.50%	4.00%-4.25%	4.50%-7.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2049	March 1, 2026/2050	March 1, 2026/2047	March 1, 2026/2049
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2028*	June 1, 2029*	August 1, 2029*	December 1, 2029*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Defined Area No. 1 Series 2022 Road term bonds maturing on March 1, 2029, 2031, 2033, 2035, 2037, 2039, 2042, 2045 and 2048 are subject to mandatory redemption beginning March 1, 2028, 2030, 2032, 2034, 2036, 2038, 2040, 2043 and 2046, respectively. Defined Area No. 2 Series 2022 Road term bonds maturing on March 1, 2031, 2034, 2037, 2041 and 2048 are subject to mandatory redemption beginning March 1, 2029, 2032, 2035, 2038 and 2042, respectively. Series 2022 term bonds maturing on Mach 1, 2031, 2034, 2039, 2042, 2044 and 2046 are subject to mandatory redemption beginning March 1, 2030, 2033, 2037, 2041, 2043 and 2045, respectively. Defined Area No. 1 Series 2022A Road term bonds maturing on March 1, 2031, 2033, 2035, 2037, 2039, 2042, 2046 and 2049 are subject to mandatory redemption beginning on March 1, 2029, 2032, 2034, 2036, 2038, 2040, 2043 and 2047, respectively. Defined Area No. 2 Series 2022A Road term bonds maturing on March 1, 2031, 2033, 2035, 2037, 2039, 2042, 2046 and 2049 are subject to mandatory redemption beginning March 1, 2029, 2032, 2034, 2036, 2038, 2040, 2043 and 2047, respectively. Defined Area No. 2 Series 2023 Road term bonds maturing on March 1, 2037 are subject to mandatory redemption beginning March 1, 2036. Series 2023 term bonds maturing on March 1, 2039, 2041 and 2047 are subject to mandatory redemption beginning March 1, 2038, 2040 and 2046, respectively. Defined Area No. 1 Road Series 2023 term bonds maturing on March 1, 2042 are subject to mandatory redemption beginning March 1, 2040.

NOTE 3. LONG-TERM DEBT (Continued)

	Defined Area No. 2 Road Series 2023A	Defined Area No. 2 Park Series 2024	Defined Area No. 1 Road Series 2024	Defined Area No. 2 Road Series 2024
Amount Outstanding - September 30, 2025	$12,455,000	$11,195,000	$13,610,000	$20,210,000
Interest Rates	4.50%-7.00%	4.00%-5.00%	4.00%-5.50%	4.00%-5.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2050	March 1, 2026/2050	March 1, 2026/2050	March 1, 2026/2050
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	December 1, 2029*	September 1, 2030*	September 1, 2030*	December 1, 2030*

	Series 2024	Defined Area No. 2 Park Series 2024A	Series 2025
Amount Outstanding - September 30, 2025	$45,580,000	$6,985,000	$58,400,000
Interest Rates	3.375%-5.875%	4.00%-6.50%	4.00%-6.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2049	March 1, 2026/2051	March 1, 2027/2051
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	September 1, 2030*	September 1, 2030*	September 1, 2031*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Defined Area No. 2 Series 2023A Road term bonds maturing on March 1, 2042 are subject to mandatory redemption beginning March 1, 2040. Defined Area No. 2 Series 2024 Park term bonds maturing on March 1, 2050 are subject to mandatory redemption beginning March 1, 2047. Defined Area No. 1 Series 2024 Road term bonds maturing on March 1, 2039 are subject to mandatory redemption beginning March 1, 2038. Defined Area No. 2 Series 2024 Road term bond maturing on March 1, 2030 are subject to mandatory redemption beginning March 1, 2026. Series 2024 bonds maturing on March 1, 2041 are subject to mandatory redemption beginning March 1, 2040. Defined Area No. 2 Series 2024A Park term bonds maturing on March 1, 2030 are subject to mandatory redemption beginning March 1, 2026. Series 2025 bonds maturing on March 1, 2041 are subject to mandatory redemption beginning March 1, 2040.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2025:

	October 1, 2024	Additions	Retirements	September 30, 2025
Bonds Payable	$ 334,545,000	$ 110,965,000	$ 10,900,000	$ 434,610,000
Bond Anticipation Note Payable	22,349,000		22,349,000	
Unamortized Discounts	(5,424,127)	(3,408,505)	(376,135)	(8,456,497)
Unamortized Premiums	2,351,505	2,085,797	262,941	4,174,361
Bonds Payable, Net	$ 353,821,378	$ 109,642,292	$ 33,135,806	$ 430,327,864

Amount Due Within One Year	$ 13,590,000
Amount Due After One Year	416,737,864
Bonds Payable, Net	$ 430,327,864

As of September 30, 2025, the District had authorized but unissued bonds in the amount of $248,184,000 for tax bonds for utility facilities, $16,000,000 for recreational facilities and $4,777,734 for refunding bonds. Defined Area No. 1 of the District had authorized but unissued bonds in the amount of $281,255,000 for tax and refunding bonds for utility facilities, $43,995,000 for recreational and refunding bonds and $108,600,000 for road and refunding bonds. Defined Area No. 2 of the District had authorized but unissued bonds in the amount of $277,673,000 for tax bonds for utility facilities, $106,761,000 for road bonds, $18,251,000 for recreational bonds and $87,954,406 for refunding bonds for utility, road and recreational facilities combined.

As of September 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 13,590,000	$ 16,236,362	$ 29,826,362
2027	14,530,000	15,730,421	30,260,421
2028	15,015,000	15,191,814	30,206,814
2029	15,520,000	14,630,210	30,150,210
2030	16,080,000	14,016,606	30,096,606
2031-2035	86,170,000	60,136,739	146,306,739
2036-2040	83,155,000	44,961,918	128,116,918
2041-2045	95,590,000	29,010,790	124,600,790
2046-2050	87,185,000	10,145,225	97,330,225
2051	7,775,000	165,484	7,940,484
	$ 434,610,000	$ 220,225,569	$ 654,835,569

NOTE 3. LONG-TERM DEBT (Continued)

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

During the year ended September 30, 2025, the District levied an ad valorem debt service tax rate of $0.59 per $100 of assessed valuation, which resulted in a tax levy of $20,829,935 on the adjusted taxable valuation of $3,530,497,508 for the 2024 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

During the year ended September 30, 2025, Defined Area No. 1 of the District levied an ad valorem debt service tax rate of $0.66 per $100 of assessed valuation, which resulted in a tax levy of $2,414,853 on the adjusted taxable valuation of $365,886,699 for the 2024 tax year.

During the year ended September 30, 2025, Defined Area No. 2 of the District levied an ad valorem debt service tax rate of $0.66 per $100 of assessed valuation, which resulted in a tax levy of $4,130,431 on the adjusted taxable valuation of $625,822,957 for the 2024 tax year.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

All investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that at the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

The Bond Resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to each nationally recognized municipal securities information depository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS (Continued)

In accordance with Defined Area No. 2 Series 2024 Park, Series 2024 Road and Series 2024A Park and Defined Area No. 1 Series 2024 Road Bonds Resolutions, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond Interest Reserve, October 1, 2024		$ 1,172,522
Addition - Interest Appropriated from Bond Proceeds:		
Defined Area No. 2 Series 2024A Park	155,834	155,834
Less: Appropriation from Bond Interest Paid		
Defined Area No. 1 Series 2024 Road	284,772	
Defined Area No. 2 Series 2024 Park	235,575	
Defined Area No. 2 Series 2024 Road	416,600	936,947
Bond Interest Reserve, September 30, 2025		$ 391,409

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. As of September 30, 2025, the carrying amount of the District's deposits was $3,825,906 and the bank balance was $4,677,145. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2025, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 3,278,269	$ 230,000	$ 3,508,269
DEBT SERVICE FUND	276,309		276,309
CAPITAL PROJECTS FUND	41,328		41,328
TOTAL DEPOSITS	$ 3,595,906	$ 230,000	$ 3,825,906

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in TexPool and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Hermes, Inc. manages the daily operations of TexPool under a contract with the Comptroller. First Southwest Asset Management, Inc., and JPMorgan Chase manage the daily operations of TexSTAR. TexPool and TexSTAR meet the criteria established in GASB No. 79 and measure all of their portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool and TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool and TexSTAR.

The District records certificates of deposits at acquisition cost.

As of September 30, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 13,255,960	$ 13,255,960
TexSTAR	18,991,853	18,991,853
Certificates of Deposit	230,000	230,000
DEBT SERVICE FUND		
TexPool	3,004,436	3,004,436
TexSTAR	20,061,587	20,061,587
CAPITAL PROJECTS FUND		
TexSTAR	41,129,172	41,129,172
TOTAL INVESTMENTS	$ 96,673,008	$ 96,673,008

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and TexSTAR to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025:

	October 1, 2024	Increases	Decreases	September 30, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 83,200,668	$ 12,913,400	$	$ 96,114,068
Construction in Progress	30,261,276	34,615,604	46,614,739	18,262,141
Total Capital Assets Not Being Depreciated	$ 113,461,944	$ 47,529,004	$ 46,614,739	$ 114,376,209
Capital Assets Subject to Depreciation				
Water System	$ 55,551,170	$ 12,057,204	$	$ 67,608,374
Wastewater System	81,980,740	21,504,076		103,484,816
Parks and Recreation	15,863,484	140,059		16,003,543
Total Capital Assets Subject to Depreciation	$ 153,395,394	$ 33,701,339	$ -0-	$ 187,096,733
Less Accumulated Depreciation				
Water System	$ 14,639,882	$ 1,793,031	$	$ 16,432,913
Wastewater System	18,998,777	2,733,494		21,732,271
Parks and Recreation	2,305,156	824,977		3,130,133
Total Accumulated Depreciation	$ 35,943,815	$ 5,351,502	$ -0-	$ 41,295,317
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 117,451,579	$ 28,349,837	$ -0-	$ 145,801,416
Total Capital Assets, Net of Accumulated Depreciation	$ 230,913,523	$ 75,878,841	$ 46,614,739	$ 260,177,625

NOTE 7. MAINTENANCE TAX

On May 2, 1998, the voters of the District approved the levy and collection of a maintenance tax not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. During the year ended September 30, 2025, the District levied an ad valorem maintenance tax rate of $0.25 per $100 of assessed valuation, which resulted in a tax levy of $8,826,244 on the adjusted taxable valuation of $3,530,497,508 for the 2024 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

At an election held May 4, 2019, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on taxable property within Defined Area No. 1. During the year ended September 30, 2025, the District did not levy a Defined Area No. 1 ad valorem maintenance tax. The maintenance tax will be used by the General Fund to pay expenditures of operation Defined Area No. 1. In addition, at the May 4, 2019 election, voters authorized a road maintenance tax not to exceed $0.25 per $100 of assessed valuation on all taxable property within Defined Area No. 1. During the year ended September 30, 2025, the District did not levy a Defined Area No. 1 road maintenance tax. The Road maintenance tax will be used by the General Fund to pay expenditures for maintenance of certain roads within Defined Area No. 1.

At an election held November 3, 2020, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on all taxable property within Defined Area No. 2. During the year ended September 30, 2025, the District did not levy a Defined Area No. 2 ad valorem maintenance tax. The maintenance tax will be used by the General Fund to pay expenditures of operating Defined Area No. 2. Voters also authorized a road maintenance tax not to exceed $0.25 per $100 of assessed valuation on all taxable property within Defined Area No. 2. During the year ended September 30, 2025, the District did not levy a Defined Area No. 2 road maintenance tax. The road maintenance tax will be used by the General Fund to pay expenditures for maintenance of certain roads within Defined Area No. 2.

At an election held November 5, 2024, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on all taxable property within Defined Area No. 3. During the year ended September 30, 2025, the District did not levy a Defined Area No. 3 ad valorem maintenance tax. The maintenance tax will be used by the General Fund to pay expenditures of operating Defined Area No. 3. Voters also authorized a road maintenance tax not to exceed $0.25 per $100 of assessed valuation on all taxable property within Defined Area No. 3. During the year ended September 30, 2025, the District did not levy a Defined Area No. 3 road maintenance tax. The road maintenance tax will be used by the General Fund to pay expenditures for maintenance of certain roads within Defined Area No. 3.

NOTE 8. WASTE DISPOSAL AGREEMENT

On July 3, 2003, the District entered into a Restated Permanent Waste Disposal Agreement (the Agreement) with Harris County Municipal Utility District No. 157 ("District No. 157"), which restates an agreement with District No. 157 and Harris County Municipal Utility District No. 225 dated September 20, 1979, as subsequently amended. The Agreement is for the term 50 years.

Under the terms of the Agreement, District No. 157 has oversight responsibility for operations and holds title to the facility for the benefit of the participants. The facility has a current rated capacity of 1,200,000 gallons per day (gpd), of which the District is entitled to utilize 45.43%. The District is billed the actual expenditures for the preceding month's operation of the facility. These expenditures are allocated to either fixed costs, which are based on capacity owned, or variable costs, which are shared based on active connections. For the year ended September 30, 2025, the District recorded an expenditure of $1,284,943 in accordance with this Agreement. The District's share of a required operating reserve was $245,022 as of September 30, 2025.

Summary financial activities of the sewage treatment plant for the year ended December 31, 2024, are as follows:

Total Assets	$ 540,126
Total Liabilities	
Total Fund Balance	$ 540,126
Total Revenues	$ 1,654,099
Total Expenditures	1,654,099
Net Change in Fund Balance	$ 3,308,198
Increase in Reserve	$ 99,384
Fund Balance - January 1, 2024	440,742
Fund Balance December 31, 2024	$ 540,126

NOTE 9. RISK MANAGEMENT

The District carries commercial insurance to protect against various risks including loss related to torts, the theft of, damage to or destruction of assets, errors and omissions and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the "Act"), as passed by the seventy-seventh Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivision.

The Authority charges a fee which enables it to fulfill its purpose and regulatory functions. The current pumpage fee charged by the Authority is $3.95 per 1,000 gallons of water pumped from each well. The District also pays a fee for purchased surface water of $4.35 per 1,000 gallons of water purchased from the Authority. The District recorded $3,700,423 for pumpage fees and $2,057,350 for purchased surface water in the current fiscal year.

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 12, 2008, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas (the "City"). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and the Act, the City shall annex a tract or tracts of land for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, own, operate, and maintain a water, wastewater, and drainage system in the District.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. The District retains all rights to assess and levy ad valorem taxes on taxable property within the Tract. Upon the limited purpose annexation of the Tract, the City's municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the District and the Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period of this agreement.

After the Tract is annexed for limited purposes by the City, the qualified voters of the Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Tract.

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City agreed to deliver to the District its share of the sales tax receipts with 30 days of the City receiving the funds from the State Comptroller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the Agreement. During the current fiscal year, the District recorded $194,056 of sales tax revenues.

NOTE 12. DUE TO DEVELOPERS

The District has executed agreements for the construction of improvements and reimbursement of advances with Developers within the District. The agreement calls for the Developers to fund costs associated with water, wastewater, drainage, park and road facilities and operating advances until such time as the District can sell bonds. As reflected in the Statement of Net Position, $680,421 has been recorded as a liability for operating advances. As of September 30, 2025, the Developers have indicated that approximately $23,799,350 had been expended on behalf of the District in accordance with the agreement on completed projects. These liabilities have been recorded in the Statement of Net Position for these projects and reimbursement is contingent upon approval from the Commission and the future sale of bonds.

The following table summarizes the current year activity related to unreimbursed developer costs for completed projects and operating advances:

Due to Developer, beginning of year	$ 41,671,004
Additions	16,541,932
Reimbursements	34,186,518
Due to Developer, end of year	$ 24,026,418

NOTE 13. BOND SALES

On October 31, 2024, the District closed on the sale of $45,580,000 of Series 2024 Unlimited Tax Bonds. Proceeds from the bond sale were used to reimburse Developers for a portion of construction and engineering costs for various water, wastewater and drainage facilities, detention facilities, lift stations and land acquisition. Additional proceeds were used to fund capitalized interest, redeem the 2023 BAN and pay for issuance costs of the bonds and the 2023 BAN.

On December 5, 2024, the District closed on the sale of $6,985,000 Series 2024A Defined Area No. 2 Unlimited Tax Park Bonds. Proceeds from the bond sale were used to reimburse Developers for construction and engineering costs for various parks and recreational facilities and associated land acquisition costs. Additional proceeds were used to fund capitalized interest and pay for the bond issuance costs.

On March 6, 2025, the District closed on the sale of $58,400,000 of Series 2025 Unlimited Tax Bonds. Proceeds from the bond sale were used to reimburse a Developer for construction and engineering costs for water, wastewater and drainage facilities as well as land acquisition costs. Additional proceeds were used to fund costs for various District water plant, lift station, force main, sanitary main, waterline and detention facilities and pay for bond issuance costs.

NOTE 14. SUBSEQUENT EVENTS – BOND SALE

On October 3, 2025, subsequent to year end, the District closed on the sale of $6,950,000 of Series 2025 Defined Area No. 1 Unlimited Tax Road Bonds. Proceeds from the bond sale were used to reimburse Developers for cost of construction of certain road improvements serving Defined Area No. 1. Additional proceeds were used to fund capitalized interest and pay for the bond issuance costs.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 8,668,315	$ 8,750,000	$ 8,819,403	$ 69,403
Water Service	4,700,000	5,250,000	4,744,739	(505,261)
Wastewater Service	3,900,000	4,750,000	5,357,924	607,924
Regional Water Authority Fee	5,700,000	5,700,000	5,666,114	(33,886)
Penalty and Interest	450,000	400,000	487,269	87,269
Tap Connection and Inspection Fees	2,800,000	2,800,000	2,557,027	(242,973)
Sales Tax Revenues	145,000	175,000	194,056	19,056
Investment Revenues	800,000	1,000,000	1,329,462	329,462
Miscellaneous Revenues	6,248	6,248	133,738	127,490
TOTAL REVENUES	$ 27,169,563	$ 28,831,248	$ 29,289,732	$ 458,484
EXPENDITURES				
Service Operations:				
Professional Fees	$ 710,000	$ 740,000	$ 1,114,166	$ (374,166)
Contracted Services	5,512,000	6,278,660	5,914,962	363,698
Purchased Water Service/Regional Water Authority Assessment	5,235,000	5,550,000	5,811,656	(261,656)
Purchased Wastewater Service	952,000	952,000	1,284,943	(332,943)
Utilities	760,000	710,000	765,319	(55,319)
Repairs and Maintenance	4,850,000	5,250,000	4,517,101	732,899
Parks and Recreation	220,000	300,000	398,994	(98,994)
Other	3,704,500	3,511,600	3,131,685	379,915
Capital Outlay	2,550,000	1,316,000	2,202,389	(886,389)
TOTAL EXPENDITURES	$ 24,493,500	$ 24,608,260	$ 25,141,215	$ (532,955)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,676,063	$ 4,222,988	$ 4,148,517	$ (74,471)
OTHER FINANCING SOURCES(USES)				
Transfers In(Out)	$ -0-	$ -0-	$ (11,224)	$ (11,224)
NET CHANGE IN FUND BALANCE	$ 2,676,063	$ 4,222,988	$ 4,137,293	$ (85,695)
FUND BALANCE - OCTOBER 1, 2024	30,037,710	30,037,710	30,037,710	
FUND BALANCE - SEPTEMBER 30, 2025	$ 32,713,773	$ 34,260,698	$ 34,175,003	$ (85,695)

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

X	Retail Water		Wholesale Water		Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
X	Parks/Recreation		Fire Protection	X	Security
X	Solid Waste/Garbage		Flood Control	X	Roads
X	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
	Other (specify):				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

Based on the rate order effective June 6, 2024.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 22.20	-0-	N	$ 0.72	0,001 to 10,000
				$ 1.50	10,001 to 15,000
				$ 2.00	15,001 and up
WASTEWATER:	$ 36.81	-0-	Y		
SURCHARGE: Regional Water Authority Fee			N	$ 4.35	0,001 and up

District employs winter averaging for wastewater usage? ____ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $29.40 Wastewater: $36.81 Surcharge: $43.50 Total: $109.71

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	10,411	10,225	x 1.0	10,225
1"	1,617	1,617	x 2.5	4,043
1½"	30	30	x 5.0	150
2"	204	204	x 8.0	1,632
3"	5	5	x 15.0	75
4"	2	2	x 25.0	50
6"			x 50.0	
8"	7	7	x 80.0	560
10"			x 115.0	
Total Water Connections	12,276	12,090		16,735
Total Wastewater Connections	11,985	11,799	x 1.0	11,799

3. TOTAL WATER CONSUMPTION DURING THE CURRENT YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	944,331,000	Water Accountability Ratio: 98.3 % (Gallons billed/Gallons pumped)
Gallons billed to customers:	1,400,382,000	
Total gallons purchased:	479,849,000	From: West Harris County Regional Water Authority

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

4. STANDBY FEES (authorized only under TWC Section 49.231):

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ's in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

PROFESSIONAL FEES:		
Auditing	$	34,000
Engineering		817,182
Legal		262,984
TOTAL PROFESSIONAL FEES	$	1,114,166
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	2,111,229
Purchased Wastewater Service		1,284,943
TOTAL PURCHASED SERVICES FOR RESALE	$	3,396,172
CONTRACTED SERVICES:		
Bookkeeping	$	78,300
Operations and Billing		629,779
Security		1,686,012
Solid Waste Disposal		3,519,177
Tax Collector		1,694
TOTAL CONTRACTED SERVICES	$	5,914,962
UTILITIES	$	765,319
REPAIRS AND MAINTENANCE	$	4,517,101
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	27,643
Insurance		200,309
Legal Notices		10,204
Office Supplies and Postage		552,169
Payroll Taxes		1,770
Travel and Meetings		14,628
Regional Water Authority Assessment		3,700,427
Other		24,505
TOTAL ADMINISTRATIVE EXPENDITURES	$	4,531,655

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

PARKS AND RECREATION	$	398,994
CAPITAL OUTLAY	$	2,202,389
TAP CONNECTIONS	$	931,996
OTHER EXPENDITURES:		
Chemicals	$	653,319
Laboratory Fees		159,550
Permit Fees		30,482
Reconnection Fees		85,925
Inspection Fees		213,773
Regulatory Assessment		48,737
Sludge Hauling		176,675
TOTAL OTHER EXPENDITURES	$	1,368,461
TOTAL EXPENDITURES	$	25,141,215

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
INVESTMENTS
SEPTEMBER 30, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Period	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0002	Varies	Daily	$ 13,255,960	$
TexSTAR	XXXX1110	Varies	Daily	18,493,110	
TexSTAR	XXXX4890	Varies	Daily	177,477	
TexSTAR	XXXX4891	Varies	Daily	321,266	
Certificate of Deposit	XXXX7614	4.50%	12/26/25	230,000	7,883
TOTAL GENERAL FUND				$ 32,477,813	$ 7,883
DEBT SERVICE FUND					
TexPool	XXXX0001	Varies	Daily	$ 3,004,436	$
TexSTAR	XXXX0090	Varies	Daily	15,273,770	
TexSTAR	XXXX0091	Varies	Daily	1,343,089	
TexSTAR	XXXX4894	Varies	Daily	2,187,150	
TexSTAR	XXXX4895	Varies	Daily	1,257,578	
TOTAL DEBT SERVICE FUND				$ 23,066,023	$ -0-
CAPITAL PROJECTS FUND					
TexSTAR	XXXX1891	Varies	Daily	$ 36,812,830	$
TexSTAR	XXXX4892	Varies	Daily	1,944,257	
TexSTAR	XXXX4893	Varies	Daily	1,509,022	
TexSTAR	XXXX4896	Varies	Daily	863,063	
TOTAL CAPITAL PROJECTS FUND				$ 41,129,172	$ -0-
TOTAL - ALL FUNDS				$ 96,673,008	$ 7,883

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2024	$ 127,841		$ 370,377	
Adjustments to Beginning Balance	(21,757)	$ 106,084	(60,980)	$ 309,397
Original 2024 Tax Levy	$ 8,169,656		$ 19,280,388	
Adjustment to 2024 Tax Levy	656,588	8,826,244	1,549,547	20,829,935
TOTAL TO BE ACCOUNTED FOR		$ 8,932,328		$ 21,139,332
TAX COLLECTIONS:				
Prior Years	$ 47,893		$ 124,400	
Current Year	8,771,510	8,819,403	20,700,763	20,825,163
TAXES RECEIVABLE - SEPTEMBER 30, 2025		$ 112,925		$ 314,169
TAXES RECEIVABLE BY YEAR:				
2024		$ 54,734		$ 129,172
2023		15,688		38,278
2022		12,272		33,380
2021		6,526		19,306
2020		3,471		13,017
2019		2,821		15,044
2018 and Prior		17,413		65,972
TOTAL		$ 112,925		$ 314,169

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 954,912,509	$ 867,340,639	$ 610,287,501	$ 561,760,404
Improvements	3,040,428,839	2,817,524,725	2,244,959,702	1,642,312,584
Personal Property	71,721,927	50,294,574	51,207,142	35,387,304
Exemptions	(536,565,767)	(689,792,200)	(516,257,397)	(256,883,952)
TOTAL PROPERTY VALUATIONS	$ 3,530,497,508	$ 3,045,367,738	$ 2,390,196,948	$ 1,982,576,340
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.59	$ 0.61	$ 0.68	$ 0.71
Maintenance	0.25	0.25	0.25	0.24
TOTAL TAX RATES PER $100 VALUATION	$ 0.84	$ 0.86	$ 0.93	$ 0.95
ADJUSTED TAX LEVY*	$ 29,656,179	$ 26,207,523	$ 22,228,832	$ 18,834,479
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.38 %	99.79 %	99.79 %	99.86 %

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

Maintenance Tax – Maximum tax rate of $0.25 per $100 of assessed valuation approved by voters on May 2, 1998.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Defined Area No. 1 Debt Service Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2024	$ 24,853	
Adjustments to Beginning Balance	(22,867)	$ 1,986
Original 2024 Tax Levy	$ 2,187,428	
Adjustment to 2024 Tax Levy	227,425	2,414,853
TOTAL TO BE ACCOUNTED FOR		$ 2,416,839
TAX COLLECTIONS:		
Prior Years	$ 1,552	
Current Year	2,401,057	2,402,609
TAXES RECEIVABLE - SEPTEMBER 30 , 2025		$ 14,230
TAXES RECEIVABLE BY YEAR:		
2024		$ 13,796
2023		434
TOTAL		$ 14,230

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE – DEFINED AREA NO. 1
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 115,229,544	$ 89,228,211	$ 60,642,256	$ 52,245,671
Improvements	274,742,263	160,547,766	57,210,542	8,713,297
Personal Property	1,327,284	688,948	73,100	25,033
Exemptions	(25,412,392)	(18,878,375)	(8,360,521)	(16,565,547)
TOTAL PROPERTY VALUATIONS	$ 365,886,699	$ 231,586,550	$ 109,565,377	$ 44,418,454
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.66	$ 0.64	$ 0.57	$ 0.55
Road Maintenance	0.00	0.00	0.00	0.00
Maintenance	0.00	0.00	0.00	0.00
TOTAL TAX RATES PER $100 VALUATION	$ 0.66	$ 0.64	$ 0.57	$ 0.55
ADJUSTED TAX LEVY*	$ 2,414,853	$ 1,495,073	$ 624,523	$ 244,303
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.43 %	99.97 %	100.00 %	100.00 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on May 4, 2019.

Road Maintenance Tax – Maximum tax rate of $0.25 per $100 of assessed valuation approved by voters on May 4, 2019.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Defined Area No. 2 Debt Service Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2024	$ 20,302	
Adjustments to Beginning Balance	(10,379)	$ 9,923
Original 2024 Tax Levy	$ 3,378,178	
Adjustment to 2024 Tax Levy	752,253	4,130,431
TOTAL TO BE ACCOUNTED FOR		$ 4,140,354
TAX COLLECTIONS:		
Prior Years	$ 6,917	
Current Year	4,109,579	4,116,496
TAXES RECEIVABLE - SEPTEMBER 30, 2025		$ 23,858
TAXES RECEIVABLE BY YEAR:		
2024		$ 20,852
2023		3,006
TOTAL		$ 23,858

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE – DEFINED AREA NO. 2
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 215,112,402	$ 166,285,204	$ 59,358,181	$ 24,899,308
Improvements	447,538,784	203,837,823	12,145,146	4,231,224
Personal Property	2,696,184	936,339	39,500	
Exemptions	(39,524,413)	(14,098,398)	(1,035,970)	(50,409)
TOTAL PROPERTY VALUATIONS	$ 625,822,957	$ 356,960,968	$ 70,506,857	$ 29,080,123
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.66	$ 0.64	$ 0.57	$ 0.00
Road Maintenance	0.00	0.00	0.00	0.00
Maintenance	0.00	0.00	0.00	0.55
TOTAL TAX RATES PER $100 VALUATION	$ 0.66	$ 0.64	$ 0.57	$ 0.55
ADJUSTED TAX LEVY*	$ 4,130,431	$ 2,284,550	$ 401,889	$ 159,940
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.50 %	99.87 %	100.00 %	100.00 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on November 3, 2020.

Road Maintenance Tax – Maximum tax rate of $0.25 per $100 of assessed valuation approved by voters on November 3, 2020.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	REFUNDING SERIES-2015		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 3,035,000	$ 1,044,575	$ 4,079,575
2027	3,135,000	952,025	4,087,025
2028	3,235,000	856,475	4,091,475
2029	3,340,000	753,675	4,093,675
2030	3,465,000	612,775	4,077,775
2031	4,055,000	424,775	4,479,775
2032		323,400	323,400
2033	4,525,000	244,213	4,769,213
2034	4,715,000	82,513	4,797,513
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 29,505,000	$ 5,294,426	$ 34,799,426

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	SERIES-2015		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 955,000	$ 634,713	$ 1,589,713
2027	1,000,000	605,387	1,605,387
2028	1,045,000	574,060	1,619,060
2029	1,090,000	540,019	1,630,019
2030	1,145,000	502,984	1,647,984
2031	1,195,000	462,750	1,657,750
2032	1,250,000	419,963	1,669,963
2033	1,310,000	375,163	1,685,163
2034	1,370,000	327,407	1,697,407
2035	1,430,000	275,763	1,705,763
2036	1,495,000	220,919	1,715,919
2037	1,565,000	163,544	1,728,544
2038	1,640,000	101,400	1,741,400
2039	1,715,000	34,300	1,749,300
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 18,205,000	$ 5,238,372	$ 23,443,372

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

Due During Fiscal Years Ending September 30	SERIES-2017		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 1,040,000	$ 753,256	$ 1,793,256
2027	1,075,000	728,119	1,803,119
2028	1,120,000	699,981	1,819,981
2029	1,160,000	667,881	1,827,881
2030	1,205,000	632,406	1,837,406
2031	1,250,000	595,581	1,845,581
2032	1,300,000	557,331	1,857,331
2033	1,350,000	516,738	1,866,738
2034	1,400,000	472,894	1,872,894
2035	1,455,000	426,500	1,881,500
2036	1,510,000	378,319	1,888,319
2037	1,565,000	327,372	1,892,372
2038	1,625,000	273,541	1,898,541
2039	1,690,000	217,600	1,907,600
2040	1,755,000	159,466	1,914,466
2041	1,820,000	98,000	1,918,000
2042	1,890,000	33,075	1,923,075
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 24,210,000	$ 7,538,060	$ 31,748,060

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	SERIES-2018		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 115,000	$ 102,843	$ 217,843
2027	115,000	99,105	214,105
2028	120,000	95,288	215,288
2029	125,000	91,305	216,305
2030	130,000	87,000	217,000
2031	135,000	82,363	217,363
2032	140,000	77,200	217,200
2033	145,000	71,500	216,500
2034	150,000	65,600	215,600
2035	155,000	59,500	214,500
2036	165,000	53,100	218,100
2037	170,000	46,400	216,400
2038	175,000	40,375	215,375
2039	185,000	34,975	219,975
2040	190,000	28,400	218,400
2041	195,000	20,700	215,700
2042	205,000	12,700	217,700
2043	215,000	4,300	219,300
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 2,830,000	$ 1,072,654	$ 3,902,654

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	SERIES-2019		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 395,000	$ 240,350	$ 635,350
2027	410,000	232,300	642,300
2028	425,000	223,950	648,950
2029	440,000	215,300	655,300
2030	455,000	206,350	661,350
2031	470,000	197,100	667,100
2032	490,000	187,500	677,500
2033	505,000	177,234	682,234
2034	525,000	165,963	690,963
2035	540,000	153,981	693,981
2036	560,000	141,256	701,256
2037	580,000	127,719	707,719
2038	600,000	113,706	713,706
2039	625,000	98,769	723,769
2040	645,000	82,491	727,491
2041	670,000	65,231	735,231
2042	690,000	47,381	737,381
2043	715,000	28,941	743,941
2044	745,000	9,778	754,778
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 10,485,000	$ 2,715,300	$ 13,200,300

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	SERIES-2020		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 1,480,000	$ 724,800	$ 2,204,800
2027	1,520,000	709,800	2,229,800
2028	1,560,000	692,450	2,252,450
2029	1,605,000	672,669	2,277,669
2030	1,650,000	650,263	2,300,263
2031	1,695,000	625,175	2,320,175
2032	1,745,000	597,194	2,342,194
2033	1,790,000	564,025	2,354,025
2034	1,840,000	527,725	2,367,725
2035	1,895,000	490,375	2,385,375
2036	1,945,000	451,975	2,396,975
2037	2,000,000	412,525	2,412,525
2038	2,055,000	371,975	2,426,975
2039	2,115,000	330,275	2,445,275
2040	2,170,000	287,425	2,457,425
2041	2,235,000	240,581	2,475,581
2042	2,295,000	189,619	2,484,619
2043	2,360,000	137,250	2,497,250
2044	2,425,000	83,419	2,508,419
2045	2,495,000	28,069	2,523,069
2046			
2047			
2048			
2049			
2050			
2051			
	$ 38,875,000	$ 8,787,589	$ 47,662,589

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	REFUNDING SERIES-2020		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 340,000	$ 32,700	$ 372,700
2027	350,000	25,800	375,800
2028	360,000	18,700	378,700
2029	375,000	11,350	386,350
2030	380,000	3,800	383,800
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
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2048			
2049			
2050			
2051			
	$ 1,805,000	$ 92,350	$ 1,897,350

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	REFUNDING SERIES-2021		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 750,000	$ 221,000	$ 971,000
2027	775,000	198,125	973,125
2028	800,000	178,500	978,500
2029	835,000	162,150	997,150
2030	855,000	145,250	1,000,250
2031	520,000	131,500	651,500
2032	535,000	118,275	653,275
2033	560,000	101,850	661,850
2034	580,000	84,750	664,750
2035	600,000	67,050	667,050
2036	625,000	48,675	673,675
2037	640,000	29,700	669,700
2038	670,000	10,050	680,050
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 8,745,000	$ 1,496,875	$ 10,241,875

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 1 ROAD SERIES - 2022		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 220,000	$ 253,687	$ 473,687
2027	230,000	242,438	472,438
2028	240,000	231,287	471,287
2029	245,000	220,375	465,375
2030	255,000	209,763	464,763
2031	265,000	199,362	464,362
2032	275,000	188,563	463,563
2033	285,000	177,362	462,362
2034	295,000	166,500	461,500
2035	305,000	156,000	461,000
2036	315,000	145,150	460,150
2037	325,000	133,950	458,950
2038	340,000	123,163	463,163
2039	350,000	112,812	462,812
2040	360,000	102,163	462,163
2041	375,000	91,137	466,137
2042	390,000	79,663	469,663
2043	405,000	67,484	472,484
2044	415,000	54,672	469,672
2045	430,000	41,469	471,469
2046	445,000	29,187	474,187
2047	465,000	17,813	482,813
2048	480,000	6,000	486,000
2049			
2050			
2051			
	$ 7,710,000	$ 3,050,000	$ 10,760,000

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 2 ROAD SERIES - 2022		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 135,000	$ 148,260	$ 283,260
2027	140,000	144,135	284,135
2028	145,000	139,860	284,860
2029	150,000	135,435	285,435
2030	155,000	130,860	285,860
2031	160,000	126,135	286,135
2032	165,000	121,178	286,178
2033	170,000	115,985	285,985
2034	175,000	110,637	285,637
2035	185,000	104,965	289,965
2036	190,000	98,965	288,965
2037	195,000	92,805	287,805
2038	205,000	86,302	291,302
2039	210,000	79,455	289,455
2040	220,000	72,360	292,360
2041	225,000	65,018	290,018
2042	235,000	57,369	292,369
2043	245,000	49,329	294,329
2044	250,000	41,037	291,037
2045	260,000	32,495	292,495
2046	270,000	23,617	293,617
2047	280,000	14,405	294,405
2048	290,000	4,858	294,858
2049			
2050			
2051			
	$ 4,655,000	$ 1,995,465	$ 6,650,465

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	SERIES - 2022		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 1,135,000	$ 1,751,250	$ 2,886,250
2027	1,115,000	1,706,250	2,821,250
2028	1,085,000	1,662,250	2,747,250
2029	1,045,000	1,619,650	2,664,650
2030	1,045,000	1,577,850	2,622,850
2031	1,380,000	1,529,350	2,909,350
2032	5,620,000	1,389,350	7,009,350
2033	1,265,000	1,251,650	2,516,650
2034	1,240,000	1,201,550	2,441,550
2035	2,065,000	1,135,450	3,200,450
2036	2,150,000	1,051,150	3,201,150
2037	2,235,000	974,625	3,209,625
2038	2,330,000	906,150	3,236,150
2039	2,420,000	834,900	3,254,900
2040	2,520,000	748,200	3,268,200
2041	2,625,000	645,300	3,270,300
2042	2,730,000	538,200	3,268,200
2043	2,845,000	426,700	3,271,700
2044	2,960,000	310,600	3,270,600
2045	3,080,000	189,800	3,269,800
2046	3,205,000	64,100	3,269,100
2047			
2048			
2049			
2050			
2051			
	$ 46,095,000	$ 21,514,325	$ 67,609,325

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 1 ROAD SERIES - 2022A		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 130,000	$ 310,387	$ 440,387
2027	140,000	300,612	440,612
2028	145,000	290,637	435,637
2029	155,000	280,719	435,719
2030	160,000	270,875	430,875
2031	170,000	260,563	430,563
2032	180,000	250,750	430,750
2033	185,000	241,625	426,625
2034	195,000	232,125	427,125
2035	205,000	222,125	427,125
2036	220,000	211,500	431,500
2037	230,000	200,250	430,250
2038	240,000	188,500	428,500
2039	255,000	176,125	431,125
2040	265,000	163,125	428,125
2041	280,000	149,500	429,500
2042	295,000	135,125	430,125
2043	310,000	120,000	430,000
2044	330,000	104,000	434,000
2045	345,000	87,125	432,125
2046	365,000	69,375	434,375
2047	380,000	50,750	430,750
2048	400,000	31,250	431,250
2049	425,000	10,625	435,625
2050			
2051			
	$ 6,005,000	$ 4,357,668	$ 10,362,668

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 2 ROAD SERIES - 2022A		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 85,000	$ 213,037	$ 298,037
2027	90,000	206,475	296,475
2028	95,000	199,656	294,656
2029	100,000	192,838	292,838
2030	105,000	185,919	290,919
2031	110,000	178,662	288,662
2032	120,000	171,350	291,350
2033	125,000	164,000	289,000
2034	130,000	157,000	287,000
2035	140,000	150,250	290,250
2036	145,000	143,125	288,125
2037	155,000	135,625	290,625
2038	160,000	127,750	287,750
2039	170,000	119,500	289,500
2040	180,000	110,750	290,750
2041	190,000	101,500	291,500
2042	200,000	91,750	291,750
2043	210,000	81,500	291,500
2044	220,000	70,750	290,750
2045	235,000	59,375	294,375
2046	245,000	47,375	292,375
2047	260,000	34,750	294,750
2048	275,000	21,375	296,375
2049	290,000	7,250	297,250
2050			
2051			
	$ 4,035,000	$ 2,971,562	$ 7,006,562

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 2 ROAD SERIES - 2023		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 145,000	$ 302,538	$ 447,538
2027	155,000	293,112	448,112
2028	160,000	283,038	443,038
2029	170,000	272,637	442,637
2030	175,000	261,588	436,588
2031	185,000	251,962	436,962
2032	195,000	244,563	439,563
2033	205,000	236,762	441,762
2034	215,000	228,563	443,563
2035	225,000	219,962	444,962
2036	235,000	210,963	445,963
2037	250,000	201,562	451,562
2038	260,000	191,562	451,562
2039	275,000	181,163	456,163
2040	290,000	170,162	460,162
2041	305,000	158,563	463,563
2042	320,000	146,362	466,362
2043	335,000	133,563	468,563
2044	350,000	119,744	469,744
2045	370,000	105,306	475,306
2046	385,000	90,044	475,044
2047	405,000	74,162	479,162
2048	425,000	56,950	481,950
2049	445,000	38,888	483,888
2050	470,000	19,975	489,975
2051			
	$ 6,950,000	$ 4,493,694	$ 11,443,694

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

	SERIES - 2023		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 855,000	$ 1,734,525	$ 2,589,525
2027	900,000	1,699,425	2,599,425
2028	940,000	1,662,625	2,602,625
2029	990,000	1,624,025	2,614,025
2030	1,035,000	1,583,525	2,618,525
2031	1,085,000	1,541,125	2,626,125
2032	1,140,000	1,496,625	2,636,625
2033	1,195,000	1,449,925	2,644,925
2034	1,255,000	1,400,925	2,655,925
2035	1,315,000	1,349,525	2,664,525
2036	1,375,000	1,295,725	2,670,725
2037	1,445,000	1,239,325	2,684,325
2038	1,515,000	1,180,125	2,695,125
2039	480,000	1,140,225	1,620,225
2040	2,260,000	1,085,425	3,345,425
2041	2,340,000	993,425	3,333,425
2042	2,440,000	897,825	3,337,825
2043	4,500,000	759,025	5,259,025
2044	4,925,000	570,525	5,495,525
2045	5,925,000	353,525	6,278,525
2046	2,700,000	177,650	2,877,650
2047	2,830,000	60,137	2,890,137
2048			
2049			
2050			
2051			
	$ 43,445,000	$ 25,295,187	$ 68,740,187

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 1 ROAD SERIES - 2023		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 240,000	$ 627,513	$ 867,513
2027	255,000	610,188	865,188
2028	275,000	592,638	867,638
2029	290,000	574,038	864,038
2030	310,000	558,313	868,313
2031	325,000	543,250	868,250
2032	345,000	528,175	873,175
2033	370,000	512,088	882,088
2034	390,000	494,988	884,988
2035	415,000	476,356	891,356
2036	440,000	455,500	895,500
2037	470,000	433,338	903,338
2038	500,000	410,300	910,300
2039	530,000	385,838	915,838
2040	560,000	359,250	919,250
2041	595,000	330,375	925,375
2042	635,000	299,625	934,625
2043	670,000	267,000	937,000
2044	715,000	232,375	947,375
2045	760,000	195,500	955,500
2046	805,000	156,375	961,375
2047	855,000	114,875	969,875
2048	905,000	70,875	975,875
2049	965,000	24,124	989,124
2050			
2051			
	$ 12,620,000	$ 9,252,897	$ 21,872,897

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

	DEFINED AREA NO. 2 ROAD SERIES - 2023A		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 220,000	$ 623,550	$ 843,550
2027	235,000	607,625	842,625
2028	250,000	590,650	840,650
2029	265,000	572,625	837,625
2030	280,000	556,350	836,350
2031	300,000	542,600	842,600
2032	315,000	528,763	843,763
2033	335,000	514,138	849,138
2034	355,000	498,613	853,613
2035	380,000	481,600	861,600
2036	405,000	462,450	867,450
2037	430,000	442,113	872,113
2038	455,000	421,094	876,094
2039	485,000	398,769	883,769
2040	510,000	374,500	884,500
2041	545,000	348,125	893,125
2042	575,000	320,125	895,125
2043	615,000	290,375	905,375
2044	650,000	258,750	908,750
2045	690,000	225,250	915,250
2046	735,000	189,625	924,625
2047	780,000	151,750	931,750
2048	830,000	111,500	941,500
2049	880,000	68,750	948,750
2050	935,000	23,375	958,375
2051			
	$ 12,455,000	$ 9,603,065	$ 22,058,065

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

	DEFINED AREA NO. 2 PARK SERIES - 2024		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 250,000	$ 464,900	$ 714,900
2027	260,000	452,150	712,150
2028	270,000	438,900	708,900
2029	285,000	425,025	710,025
2030	295,000	410,525	705,525
2031	310,000	395,400	705,400
2032	325,000	379,525	704,525
2033	340,000	362,900	702,900
2034	355,000	347,300	702,300
2035	370,000	332,800	702,800
2036	390,000	317,600	707,600
2037	405,000	301,700	706,700
2038	425,000	285,100	710,100
2039	445,000	267,700	712,700
2040	465,000	249,500	714,500
2041	485,000	230,500	715,500
2042	510,000	210,600	720,600
2043	535,000	189,700	724,700
2044	555,000	167,900	722,900
2045	585,000	145,100	730,100
2046	610,000	121,200	731,200
2047	635,000	96,300	731,300
2048	665,000	70,300	735,300
2049	695,000	43,100	738,100
2050	730,000	14,600	744,600
2051			
	$ 11,195,000	$ 6,720,325	$ 17,915,325

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 1 ROAD SERIES - 2024		
	Principal Due March	Interest Due March 1/ September 1	Total
2026	$ 305,000	$ 561,156	$ 866,156
2027	320,000	543,969	863,969
2028	335,000	525,956	860,956
2029	350,000	507,775	857,775
2030	365,000	489,681	854,681
2031	380,000	472,956	852,956
2032	395,000	457,456	852,456
2033	415,000	441,256	856,256
2034	435,000	424,256	859,256
2035	455,000	406,456	861,456
2036	475,000	387,856	862,856
2037	495,000	368,456	863,456
2038	520,000	348,156	868,156
2039	540,000	326,956	866,956
2040	565,000	304,856	869,856
2041	590,000	281,756	871,756
2042	615,000	257,656	872,656
2043	645,000	232,456	877,456
2044	675,000	206,056	881,056
2045	705,000	178,456	883,456
2046	735,000	149,656	884,656
2047	770,000	119,556	889,556
2048	805,000	87,553	892,553
2049	840,000	53,625	893,625
2050	880,000	18,150	898,150
2051			
	$ 13,610,000	$ 8,152,117	$ 21,762,117

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 2 ROAD SERIES - 2024		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 455,000	$ 821,825	$ 1,276,825
2027	475,000	798,575	1,273,575
2028	495,000	774,325	1,269,325
2029	515,000	749,075	1,264,075
2030	540,000	722,700	1,262,700
2031	565,000	697,900	1,262,900
2032	590,000	674,800	1,264,800
2033	615,000	650,700	1,265,700
2034	645,000	625,500	1,270,500
2035	675,000	599,100	1,274,100
2036	705,000	571,500	1,276,500
2037	735,000	542,700	1,277,700
2038	770,000	512,600	1,282,600
2039	805,000	481,100	1,286,100
2040	840,000	448,200	1,288,200
2041	875,000	413,900	1,288,900
2042	915,000	378,100	1,293,100
2043	960,000	340,600	1,300,600
2044	1,000,000	301,400	1,301,400
2045	1,045,000	260,500	1,305,500
2046	1,095,000	217,700	1,312,700
2047	1,145,000	172,900	1,317,900
2048	1,195,000	126,100	1,321,100
2049	1,250,000	77,200	1,327,200
2050	1,305,000	26,100	1,331,100
2051			
	$ 20,210,000	$ 11,985,100	$ 32,195,100

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

	SERIES - 2024		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 1,155,000	$ 1,830,184	$ 2,985,184
2027	1,200,000	1,761,006	2,961,006
2028	1,250,000	1,689,038	2,939,038
2029	1,300,000	1,614,131	2,914,131
2030	1,355,000	1,536,141	2,891,141
2031	1,410,000	1,454,919	2,864,919
2032	1,465,000	1,370,466	2,835,466
2033	1,525,000	1,291,213	2,816,213
2034	1,590,000	1,223,194	2,813,194
2035	1,655,000	1,158,294	2,813,294
2036	1,720,000	1,090,794	2,810,794
2037	1,790,000	1,020,594	2,810,594
2038	1,865,000	947,494	2,812,494
2039	1,940,000	871,394	2,811,394
2040	2,020,000	798,506	2,818,506
2041	2,105,000	728,897	2,833,897
2042	2,190,000	656,419	2,846,419
2043	2,280,000	580,988	2,860,988
2044	2,370,000	502,519	2,872,519
2045	2,470,000	420,844	2,890,844
2046	2,570,000	335,794	2,905,794
2047	2,675,000	245,613	2,920,613
2048	2,785,000	150,063	2,935,063
2049	2,895,000	50,658	2,945,658
2050			
2051			
	$ 45,580,000	$ 23,329,163	$ 68,909,163

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending September 30	DEFINED AREA NO. 2 PARK SERIES - 2024A		
	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 150,000	$ 306,794	$ 456,794
2027	155,000	296,881	451,881
2028	165,000	286,481	451,481
2029	170,000	275,594	445,594
2030	180,000	264,219	444,219
2031	185,000	253,744	438,744
2032	195,000	245,219	440,219
2033	205,000	237,219	442,219
2034	210,000	228,919	438,919
2035	220,000	220,319	440,319
2036	230,000	211,319	441,319
2037	240,000	201,919	441,919
2038	250,000	192,119	442,119
2039	260,000	181,919	441,919
2040	270,000	171,319	441,319
2041	285,000	160,219	445,219
2042	295,000	148,434	443,434
2043	310,000	135,956	445,956
2044	325,000	122,859	447,859
2045	335,000	109,038	444,038
2046	350,000	94,481	444,481
2047	365,000	79,288	444,288
2048	385,000	63,109	448,109
2049	400,000	45,938	445,938
2050	415,000	28,109	443,109
2051	435,000	9,513	444,513
	$ 6,985,000	$ 4,570,928	$ 11,555,928

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

	SERIES- 2025		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$	$ 2,532,519	$ 2,532,519
2027	480,000	2,516,919	2,996,919
2028	500,000	2,485,069	2,985,069
2029	520,000	2,451,919	2,971,919
2030	540,000	2,417,469	2,957,469
2031	565,000	2,381,556	2,946,556
2032	585,000	2,348,569	2,933,569
2033	610,000	2,318,694	2,928,694
2034	640,000	2,287,444	2,927,444
2035	665,000	2,254,819	2,919,819
2036	690,000	2,220,944	2,910,944
2037	720,000	2,189,294	2,909,294
2038	750,000	2,159,894	2,909,894
2039	785,000	2,129,194	2,914,194
2040	815,000	2,097,194	2,912,194
2041	850,000	2,063,894	2,913,894
2042	885,000	2,029,194	2,914,194
2043	925,000	1,992,994	2,917,994
2044	965,000	1,954,591	2,919,591
2045	1,005,000	1,913,959	2,918,959
2046	5,090,000	1,788,250	6,878,250
2047	7,095,000	1,536,934	8,631,934
2048	8,985,000	1,199,669	10,184,669
2049	9,355,000	809,944	10,164,944
2050	7,040,000	461,550	7,501,550
2051	7,340,000	155,971	7,495,971
	$ 58,400,000	$ 50,698,447	$ 109,098,447

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

Due During Fiscal Years Ending March 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal Interest Due
2026	$ 13,590,000	$ 16,236,362	$ 29,826,362
2027	14,530,000	15,730,421	30,260,421
2028	15,015,000	15,191,814	30,206,814
2029	15,520,000	14,630,210	30,150,210
2030	16,080,000	14,016,606	30,096,606
2031	16,715,000	13,348,728	30,063,728
2032	17,370,000	12,676,215	30,046,215
2033	18,030,000	12,016,240	30,046,240
2034	18,705,000	11,354,366	30,059,366
2035	15,350,000	10,741,190	26,091,190
2036	15,985,000	10,168,785	26,153,785
2037	16,640,000	9,585,516	26,225,516
2038	17,350,000	8,991,356	26,341,356
2039	16,280,000	8,402,969	24,682,969
2040	16,900,000	7,813,292	24,713,292
2041	17,590,000	7,186,621	24,776,621
2042	18,310,000	6,529,222	24,839,222
2043	19,080,000	5,838,161	24,918,161
2044	19,875,000	5,110,975	24,985,975
2045	20,735,000	4,345,811	25,080,811
2046	19,605,000	3,554,429	23,159,429
2047	18,940,000	2,769,233	21,709,233
2048	18,425,000	1,999,602	20,424,602
2049	18,440,000	1,230,102	19,670,102
2050	11,775,000	591,859	12,366,859
2051	7,775,000	165,484	7,940,484
	$ 434,610,000	$ 220,225,569	$ 654,835,569

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Description	Original Original Bonds Issued	Bonds Outstanding October 1, 2024
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2015	$ 49,045,000	$ 32,385,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2015	25,720,000	19,120,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2017	30,970,000	25,210,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2018	3,535,000	2,940,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2019	12,600,000	10,865,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2020	44,400,000	40,315,000
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2020	2,515,000	2,140,000
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2021	10,305,000	9,465,000
Harris County Municipal Utility District No. 165 Defined Area No. 1 Unlimited Tax Road Bonds - Series 2022	8,130,000	7,925,000
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Road Bonds - Series 2022	4,910,000	4,785,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2022	50,450,000	47,265,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding September 30, 2025	
Bonds Sold	Principal	Interest		
$	$ 2,880,000	$ 1,162,100	$ 29,505,000	Amegy Bank, N.A. Houston, Texas
	915,000	662,763	18,205,000	Amegy Bank, N.A. Houston, Texas
	1,000,000	784,956	24,210,000	Amegy Bank, N.A. Houston, Texas
	110,000	106,363	2,830,000	Zions Bancorporation, NA Houston, Texas
	380,000	251,900	10,485,000	Zions Bancorporation, NA Houston, Texas
	1,440,000	753,800	38,875,000	Zions Bancorporation, NA Houston, Texas
	335,000	41,125	1,805,000	Zions Bancorporation, NA Houston, Texas
	720,000	243,050	8,745,000	Zions Bancorporation, NA Houston, Texas
	215,000	264,563	7,710,000	Zions Bancorporation, NA Houston, Texas
	130,000	152,235	4,655,000	Zions Bancorporation, NA Houston, Texas
	1,170,000	1,791,500	46,095,000	Zions Bancorporation, NA Houston, Texas

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Description	Original Original Bonds Issued	Bonds Outstanding October 1, 2024
Harris County Municipal Utility District No. 165 Defined Area No. 1 Unlimited Tax Road Bonds - Series 2022A	$ 6,250,000	$ 6,130,000
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Road Bonds - Series 2022A	4,200,000	4,120,000
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Road Bonds - Series 2023	7,090,000	7,090,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2023	44,260,000	44,260,000
Harris County Municipal Utility District No. 165 Defined Area No. 1 Unlimited Tax Road Bonds - Series 2023	12,850,000	12,850,000
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Road Bonds - Series 2023A	12,665,000	12,665,000
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Park Bonds - Series 2024	11,195,000	11,195,000
Harris County Municipal Utility District No. 165 Defined Area No. 1 Unlimited Tax Road Bonds - Series 2024	13,610,000	13,610,000
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Road Bonds - Series 2024	20,210,000	20,210,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2024	45,580,000	
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Park Bonds - Series 2024A	6,985,000	
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2025	58,400,000	
TOTAL	$ 485,875,000	$ 334,545,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding September 30, 2025	
Bonds Sold	Principal	Interest		
$	$ 125,000	$ 319,950	$ 6,005,000	Zions Bancorporation, NA Houston, Texas
	85,000	219,412	4,035,000	Zions Bancorporation, NA Houston, Texas
	140,000	307,088	6,950,000	Zions Bancorporation, NA Houston, Texas
	815,000	1,767,925	43,445,000	Zions Bancorporation, NA Houston, Texas
	230,000	643,962	12,620,000	Zions Bancorporation, NA Houston, Texas
	210,000	638,075	12,455,000	Zions Bancorporation, NA Houston, Texas
		465,915	11,195,000	Zions Bancorporation, NA Houston, Texas
		777,653	13,610,000	Zions Bancorporation, NA Houston, Texas
		563,215	20,210,000	Zions Bancorporation, NA Houston, Texas
45,580,000		1,558,605	45,580,000	Zions Bancorporation, NA Houston, Texas
6,985,000		230,289	6,985,000	Zions Bancorporation, NA Houston, Texas
58,400,000		1,231,085	58,400,000	Zions Bancorporation, NA Houston, Texas
$ 110,965,000	$ 10,900,000	$ 14,937,529	$ 434,610,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

District Bond Authority:	Tax Bonds	Refunding Bonds	Recreational Bonds
Amount Authorized by Voters	$ 665,684,000	$ 8,000,000	$ 16,000,000
Amount Issued	417,500,000	3,222,266	
Remaining to be Issued	$ 248,184,000	$ 4,777,734	$ 16,000,000

Defined Area No. 1 Bond Authority:	Tax and Refunding Bonds	Recreational and Refunding Bonds	Road and Refunding Bonds
Amount Authorized by Voters	$ 281,255,000	$ 43,995,000	$ 149,440,000
Amount Issued			40,840,000
Remaining to be Issued	$ 281,255,000	$ 43,995,000	$ 108,600,000

Defined Area No. 2 Bond Authority:	Tax Bonds	Road Bonds	Recreational Bonds	Refunding Bonds*
Amount Authorized by Voters	$ 277,673,000	$ 155,836,000	$ 36,431,000	$ 87,954,406
Amount Issued		49,075,000	18,180,000	
Remaining to be Issued	$ 277,673,000	$ 106,761,000	$ 18,251,000	$ 87,954,406

* For utility, road and recreational facilities combined.

Debt Service Fund cash and investment balances as of September 30, 2025:	$ 23,342,332
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 25,185,983

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 8,819,403	$ 7,496,076	$ 6,148,037
Water Service	4,744,739	4,332,579	4,071,788
Wastewater Service	5,357,924	4,711,903	3,895,113
Penalty and Interest	487,269	489,720	407,344
Tap Connection and Inspection Fees	2,557,027	2,150,631	3,029,342
Sales Tax Revenues	194,056	166,308	156,438
Regional Water Authority Fee	5,666,114	4,954,672	5,137,992
Investment Revenues	1,329,462	1,500,226	1,101,065
Miscellaneous Revenues	133,738	219,448	168,588
TOTAL REVENUES	$ 29,289,732	$ 26,021,563	$ 24,115,707
EXPENDITURES			
Service Operations:			
Professional Fees	$ 1,114,166	$ 971,094	$ 1,081,354
Contracted Services	5,914,962	5,663,027	4,898,338
Purchased Water Service	2,111,229	2,142,424	2,258,555
Purchased Wastewater Service	1,284,943	593,223	630,031
Utilities	765,319	720,664	563,023
Regional Water Authority Assessment	3,700,427	3,386,394	3,018,721
Repairs and Maintenance	4,517,101	4,942,248	3,340,058
Parks and Recreation	398,994	135,148	261,450
Other	3,131,685	2,920,808	1,905,143
Capital Outlay	2,202,389	2,889,858	1,310,450
TOTAL EXPENDITURES	$ 25,141,215	$ 24,364,888	$ 19,267,123
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 4,148,517	$ 1,656,675	$ 4,848,584
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ (11,224)	$ -0-	$ 342,753
Contributed by Other Governmental Units			
TOTAL OTHER FINANCING SOURCES (USES)	$ (11,224)	$ - 0 -	$ 342,753
NET CHANGE IN FUND BALANCE	$ 4,137,293	$ 1,656,675	$ 5,191,337
BEGINNING FUND BALANCE	30,037,710	28,381,035	23,189,698
ENDING FUND BALANCE	$ 34,175,003	$ 30,037,710	$ 28,381,035

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
$ 4,904,202	$ 3,648,401	30.1 %	28.9 %	25.4 %	27.4 %	26.6 %
3,837,761	3,172,370	16.2	16.6	16.9	21.4	23.0
3,490,730	3,164,353	18.3	18.1	16.2	19.5	23.0
221,235	4,695	1.7	1.9	1.7	1.2	
1,524,498	589,658	8.7	8.3	12.6	8.5	4.3
146,118	135,303	0.7	0.6	0.6	0.8	1.0
3,661,902	3,034,065	19.3	19.0	21.3	20.4	22.0
139,429	15,402	4.5	5.8	4.6	0.8	0.1
962		0.5	0.8	0.7		
$ 17,926,837	$ 13,764,247	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 992,087	$ 1,083,950	3.8 %	3.7 %	4.5 %	5.5 %	7.9 %
4,174,396	3,682,159	20.2	21.8	20.3	23.3	26.8
2,169,618	19,902	7.2	8.2	9.4	12.1	0.1
541,828		4.4	2.3	2.6	3.0	
438,695	345,355	2.6	2.8	2.3	2.4	2.5
1,663,478	3,042,132	12.6	13.0	12.5	9.3	22.1
2,547,431	2,215,086	15.4	19.0	13.9	14.2	16.1
193,004	150,725	1.4	0.5	1.1	1.1	1.1
1,290,890	848,896	10.7	11.2	7.9	7.2	6.2
1,003,751	958,631	7.5	11.1	5.4	5.6	7.0
$ 15,015,178	$ 12,346,836	85.8 %	93.6 %	79.9 %	83.7 %	89.8 %
$ 2,911,659	$ 1,417,411	14.2 %	6.4 %	20.1 %	16.3 %	10.2 %
$ 187,955	$ 234,352					
29,573	459,230					
$ 217,528	$ 693,582					
$ 3,129,187	$ 2,110,993					
20,060,511	17,949,518					
$ 23,189,698	$ 20,060,511					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 27,344,268	$ 21,990,940	$ 17,519,241
Penalty and Interest	293,293	323,913	209,500
Investment Revenues	1,223,890	1,134,363	785,588
Miscellaneous Revenues	290	13,122	
TOTAL REVENUES	$ 28,861,741	$ 23,462,338	$ 18,514,329
EXPENDITURES			
Tax Collection Expenditures	$ 669,824	$ 568,653	$ 395,763
Debt Service Principal	10,900,000	9,135,000	8,300,000
Debt Service Interest and Fees	14,948,529	10,287,305	7,270,301
Bond Issuance Costs			
TOTAL EXPENDITURES	$ 26,518,353	$ 19,990,958	$ 15,966,064
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,343,388	$ 3,471,380	$ 2,548,265
OTHER FINANCING SOURCES (USES)			
Transfer In	$ 11,224	$	$
Long-Term Debt Issued	155,834	1,172,522	540,382
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	$ 167,058	$ 1,172,522	$ 540,382
NET CHANGE IN FUND BALANCE	$ 2,510,446	$ 4,643,902	$ 3,088,647
BEGINNING FUND BALANCE	20,654,971	16,011,069	12,922,422
ENDING FUND BALANCE	$ 23,165,417	$ 20,654,971	$ 16,011,069
TOTAL ACTIVE RETAIL WATER CONNECTIONS	12,090	11,199	9,858
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	11,799	10,929	9,598

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
$ 14,296,760	$ 13,235,135	94.8 %	93.7 %	94.7 %	98.0 %	98.4 %
192,086	206,559	1.0	1.4	1.1	1.3	1.5
96,674	8,713	4.2	4.8	4.2	0.7	0.1
			0.1			
$ 14,585,520	$ 13,450,407	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 376,550	$ 309,394	2.3 %	2.4 %	2.1 %	2.6 %	2.3 %
6,590,000	4,980,000	37.8	38.9	44.8	45.2	37.0
5,347,493	4,838,781	51.8	43.8	39.3	36.7	36.0
376,814	133,254				2.6	1.0
$ 12,690,857	$ 10,261,429	91.9 %	85.1 %	86.2 %	87.1 %	76.3 %
$ 1,894,663	$ 3,188,978	8.1 %	14.9 %	13.8 %	12.9 %	23.7 %
$	$					
10,743,122	2,515,000					
(10,415,712)	(2,478,352)					
482,850	93,266					
$ 810,260	$ 129,914					
$ 2,704,923	$ 3,318,892					
10,217,499	6,898,607					
$ 12,922,422	$ 10,217,499					
9,085	8,311					
8,854	8,112					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025

District Mailing Address - Harris County Municipal Utility District No. 165
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2025	Expense Reimbursements for the year ended September, 2025	Title
Alan Bentson	05/24 05/28 (Elected)	$ 6,758	$ 2,182	President/ Investment Officer
David Molina	05/22 05/26 (Elected)	$ 7,072	$ 4,092	Vice President
Wayne Green	05/22 05/26 (Elected)	$ 7,200	$ 3,146	Secretary
Scott Barr	05/22 05/26 (Elected)	$ 3,094	$ 364	Assistant Vice President
Scott Nilsson	05/24 05/28 (Elected)	$ 3,536	$ 639	Assistant Secretary

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

Submission date of most recent District Registration Form: December 4, 2025.

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum extent allowed by law as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. During the current fiscal year, a director was inadvertently overpaid fees of office in the amount of $93 due to an accounting error. This error will be corrected in the fiscal year ending September 30, 2025.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025

Consultants:	Date Hired	Fees for the year ended September 30, 2025	Title
Allen Boone Humphries Robinson LLP	07/28/03	$ 442,508 $ 1,555,860	General Counsel Bond/BAN Related
McCall Gibson Swedlund Barfoot PLLC	08/08/24	$ 34,000 $ 60,000	Auditor Bond/BAN Related
FORVIS, LLP	06/27/85-08/08/24	$ 50,400	Bond/BAN Related
Myrtle Cruz, Inc.	03/01/04-11/30/25	$ 89,534 $ 33,150	Bookkeeper Bond/BAN Related
EEPB Company	09/01/25	$ -0-	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LP	04/25/85	$ 133,819	Delinquent Tax Attorney
DAC Engineering	06/02/11	$ 2,072,438	Engineer
Robert W. Baird & Co. Incorporated	02/05/15	$ 1,831,064	Financial Advisor
H2O Consulting, Inc.	06/01/12	$ 5,554,915	Operator
Bob Leard Interests	01/04/79	$ 252,638 $ 10,000	Tax Assessor/ Collector Bond/BAN Related

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

Park Bonds

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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

SPECIMEN

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

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

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

SPECIMEN

APPENDIX C

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

Road Bonds

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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